

# **ANNUAL BUDGET OF UMNGENI MUNICIPALITY**



## **2015/16 TO 2017/18 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	M	Mayor
BPC	Budget Planning Committee	MBRR	Municipal Budget & Reporting Regulations
CFO	Chief Financial Officer	MEC	Member of the Executive Committee
CM	Municipality Manager	MFMA	Municipal Financial Management Act
CPI	Consumer Price Index	MIG	Municipal Infrastructure Grant
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NERSA	National Electricity Regulator South Africa
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental Organisations
FBS	Free basic services	NKPIs	National Key Performance Indicators
GAMAP	Generally Accepted Municipal Accounting Practice	OHS	Occupational Health and Safety
GDP	Gross Domestic Product	OP	Operational Plan
GFS	Government Financial Statistics	PBO	Public Benefit Organisations
GRAP	General Recognised Accounting Practice	PHC	Provincial Health Care
HR	Human Resources	PMS	Performance Management System
HSRC	Human Science Research Council	PPE	Property Plant and Equipment
IDP	Integrated Development Plan	PPP	Public Private Partnership
IT	Information Technology	PTIS	Public Transport Infrastructure System
kℓ	kilolitre	RG	Restructuring Grant
km	kilometre	RSC	Regional Services Council
KPA	Key Performance Area	SALGA	South African Local Government Association
KPI	Key Performance Indicator	SAPS	South African Police Service
kWh	kilowatt hour	SDBIP	Service Delivery Budget
ℓ	litre		
LED	Local Economic Development	Implementation Plan	
		SMME	Small Micro and Medium Enterprises

**Part 1 – Annual Budget****1.1 Mayor's Report****SPEECH BY THE MAYOR OF uMNGENI MUNICIPALITY**

**CLLR M.P. MYENI PRESENTED TO THE MUNICIPAL COUNCIL THE 2015/2016, 2016/2017 AND 2017/2018 ANNUAL BUDGET IN  
THE COUNCIL CHAMBERS, HOWICK,**

**ON WEDNESDAY 27 MAY 2015**

**Madam Speaker**

**Fellow Honourable Councillors**

**And officials**

- ✓ Madam Speaker, It is now six decades since the multitudes of our people produced an ideal point of reference with respect to the kind of a South Africa that we all desire and deserve. We are thus gathered here today for the 2015 State of the Municipal Address which takes place in the context of the 60th anniversary of the adoption of the Freedom Charter in Kliptown in 1955.
- ✓ The Freedom Charter continued to find significant expression in numerous policy changes introduced by the democratic government since 1994. The Reconstruction and Development Plan, the RDP, and the National Development Plan, the NDP, epitomise the veritable incarnation of the intrinsic edicts of the Freedom Charter, in both form and content.
- ✓ The 2015 State of the Municipal Address also takes place within the context of 15 years of the establishment of local government in its current form. Local government constitutes the most important sphere in the co-operative system of governance, which plays a crucial role in pursuit of the aspirations of the people of South Africa as spelt out in that 60 year old set of ideals. It is here that the actual realisation of all the ideals of the Freedom Charter, the Constitution, the RDP and the NDP is driven.
- ✓ The tabling of the 2015/2016 budget for adoption today comes soon after pockets of South Africa were gripped by afrophobia attacks. The attacks highlighted the need for unity in our non-racist, non-sexist country.
- ✓ The violence mooted against our brothers and sisters was inhumane and devoid of Ubuntu that we pride ourselves of. As I stated in condemning these acts, In South Africa and the rest of the African continent, our enemy is poverty and dreaded diseases, among many issues, not any human being from outside our country.
- ✓ Madam Speaker, the right to decent work as enshrined in the Constitution of the Republic is one of the fundamental rights towards human dignity. By launching an intense war on unemployment, we are at the same time launching a frontal assault on a significant element in the triple challenges defined as the focal point of our government. Both the State of the Nation Address and the State of the Province Address made known the significance of creating employment and employment opportunities as a core component of cementing social cohesion within our society.
- ✓ Over this term, we have witnessed a significant reduction in uMngeni's unemployment rate and poverty levels. However, we are not oblivious to the fact that we are still confronted by alarmingly adverse socio-economic conditions and this is partly reflected by a large number of individuals who do not have access to employment, with the majority of these being young people, who constitute the majority of our citizens. That is why we need to continuously commit to creating an enabling environment for businesses to thrive in our area of jurisdiction supported by the incentives that we offer so as to facilitate the creation of employment opportunities.
- ✓ Madam Speaker, without decent employment, the wishes of those who gathered in 1955 and declared that, in the South Africa of their dreams there shall be work, security and comfort will continue to ring hollow. We have worked tirelessly as this municipality to ensure provision of temporal jobs through EPWP and Food for Waste Programme which

benefitted the youth at most, these efforts are still in our plans and we will see it continuing to unfold in the next financial years.

- ✓ Madam Speaker, We recognise that government is not the only player in the economy and therefore sharing in the country's wealth and creating work and security requires a partnership between government and the private sector, including, of course, entrepreneurs.
- ✓ In line with the theme for the June month "Youth Moving South Africa Forward", we have placed youth matters at the core of our business by prioritizing programmes that are targeted to our youth. A case in is the partnership with the National Youth Development Agency (NYDAs) Youth Built Programme that is targeting to take on board 120 youth for three consecutive years. The aim is to capacitate them and enhance their technical skills in brick laying and carpentry. They will be offered on the job training in our existing capital projects of roads and housing construction.
- ✓ Madam Speaker, We welcome the commitment by the Provincial Department of Arts, Culture, Sports and Recreation to support the revitalization of the Mpophomeni Theatre, which is budgeted at R2.5million. The Department is currently sourcing for the architects who will be responsible for the redesign after which a contractor will be appointed.
- ✓ Also in our skills development programmes in partnership with the Department of Justice, an FET campus is awaited to be constructed in Mpophomeni through the Department of Justice and a Skills Centre through the National Department of Higher Education to be situated at Merrivale. Both these projects are currently undergoing planning and development phases.
- ✓ On the Informal Economy, Madam Speaker, it is important to note that Informal Trading is a unique feature of African Cities and Towns; it completes the DNA of an African town. Informal traders have demonstrated unparalleled levels of resilience and an extraordinary ability to innovate. uMngeni Municipality insists on retaining this unique feature of our city landscape and has committed to working closely with the leadership of informal traders in the municipality to cement their place within the economy of the People's Town. We are committing to the leadership of this important constituency of our economy that once we have collectively identified all legitimate traders, we will accelerate the allocation of permits in a manner that enhances the sector's ability to generate greater income and ensures the peaceful co-existence with the formal sector, pedestrians and other road users. This should be coupled with the provision of decent trading infrastructure.
- ✓ **Housing:** Madam Speaker, Six decades ago our people assembled and unanimously proclaimed that "South Africa belongs to all who live in it" and "the land shall be shared among those who work it". We have a significant number of people who do not have decent shelter due to a number of reasons.
- ✓ One main reason is that of the unavailability of land to enable for the construction of houses for the benefit of our most needy communities. The second aspect is the unaffordability of houses since the majority of our people live below the poverty line and are not participating in the formal economy to be able to afford themselves a decent shelter.
- ✓ Efforts have been made by the municipality to facilitate the process of provision of houses, however, there have been unpleasant outcomes in all the planning and development processes that have been followed thus far. To date the report we have from the Provincial Department of Human Settlement is that out of 8 housing projects, two of them might be starting in April of 2016 i.e. Khanya Village and St Josephs. The challenge is that all 8 housing projects have Environmental Impact Assessments (EIA) approvals and Records of Decisions (RODs) received from both the Department of Economic Development, Tourism and Environmental Affairs and the Department of Agriculture and Land Reform (DALR) respectively will be further delayed if the funding is not secured from the Department of Human Settlement.
- ✓ Madam Speaker, we know that there has been a slow pace in the distribution of title deeds to its rightful owners. But we are pleased to report that about 856 title deeds have been issued over the last four months in ward (s) 1, 3, 4, 6, and 8. The process is still in progress.

- ✓ **Roads: Madam Speaker,** The municipality has maintained its commitment towards prioritising infrastructure provision within all areas of uMngeni towards the continued advancement of the physical and economic mobility of our residents. During the current financial year, we have constructed 4.5km of roads and storm water systems and resurfaced 2km of roads and invested an amount of R15million and R2.5million respectively in this regard.
- ✓ We will continue with this much needed programme in the 2015/16 financial year, wherein we will focus on a number of areas across the municipality, including Lidgetton, Zenzani Village, Siphumelele, Tumbleweed and the greater Mpophomeni area.
- ✓ The municipality plans to construct in excess of 6km of roads from the MIG funding and resurface 11 km of existing surfaced roads in the 2015/16 financial year at an estimated cost of approximately R6million from municipal own funding.
- ✓ **Electricity tariffs: Madam Speaker,** the escalating national electricity supply challenge is a cause for real concern adversely impacting on local economic development efforts.
- ✓ On the 29 January 2015, Nersa approved and published guidelines on municipal electricity price increase for 2015/16 financial year. We did not have any increase in electricity tariff in this budget proposal considering the level of unemployment, and level of interest rate in our economy.
- ✓ As the municipality we have considered the tariff hike of 12.20% and this tariff is exactly the same hike recommended by NERSA as a national guideline. This is exactly what Eskom will charge us in the next financial year as the municipality, we did this with a clear understanding that our community is going through a difficult time.
- ✓ There are plans to install 400 new electricity prepaid customers to address the backlogs, predominantly in rural areas. A focus will also be in urban and semi-urban areas of the municipality that are currently on conventional meters.
- ✓ **Madam Speaker:** the municipality must begin to have a zero tolerance approach to any form of misconduct which must be based on the underlying precepts of fairness and workplace justice. Accordingly, we must suspend those against whom prima-facie evidence exists and institute disciplinary action against them, be they senior or non-senior employees. Where there is suspicion of misconduct, appropriate processes must follow in order to deter a slide towards a culture of impunity. The municipality must continue in its endeavour to root out all forms of corruption at all levels of the organization and is committed to running an organization devoid of any form of misconduct and wrongdoing pursuant to our cardinal goal of igniting excellence.
- ✓ The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical in ensuring that the Municipality remains financially viable and that municipal services are provided in a sustainable, economical and equitable manner to all communities.
- ✓ That being said **Madam Speaker:** The 2015/2016 budget before us is a culmination of proven prudent spending, adherence to legislation, obedience to National and Provincial Treasury Guidelines and importantly it is responsive to the inputs and requests from our communities.
- ✓ This responsive slant to community's inputs is demonstrated in the further reduction of the rates randage and the unchanged electricity and property rebates to which I will allude to later in the speech.
- ✓ **Madam Speaker:** Last month we visited all 12 Wards within uMngeni to table the draft budget and to invite inputs and comments.
- ✓ The budget highlights hereunder are a testament that the inputs from our communities have been incorporated in this final draft.
- ✓ **Rates randage:** In the tabling of the draft budget in March it was presented in this house that rates randage was significantly reduced from 1.45 cents to 1.29 cents which. It is presented here today that the rate randage has been reduced further to 1.27 cents. This is a demonstration that we are a listening government.



- ✓ **Property rates:** The Property rates reflect an 11 percent increase. The increase comprise of the following: 8% of 11% increase is attributable to the new properties that were not in the 2011 General Valuation Roll, while the 3% is as a result of extensions and new improvements on existing properties.
- ✓ **Property rebates:** The rebates remain unchanged at R15 000 as per the Municipal Property Rates Act and additional of R85 000 is based on the municipality rates policy.
- ✓ **Refuse tariffs:** The increase has been contained at 6%, which is within inflation, another benefit for our ratepayers.
- ✓ **Repairs and maintenance:** Ageing and poorly maintained road network has a caused constant outcry from our communities. To address this challenge the municipality has set allocated R6 million for pothole repairs, resurfacing of roads, storm water drains and rehabilitation of halls. Furthermore the Provincial Treasury has highlighted that our maintenance budget had insufficient provision for ageing infrastructure through asset renewal and repairs and maintenance. The implications of not protecting the assets are detrimental to the municipality's sustainability.
- ✓ **MIG funding:** A total of R22 million will be utilized for roads rehabilitation. The roads to be rehabilitated include those in Mpophomeni, Lidgetton, Emandleni, Lion's River, Zenzani and Midlands Roads.
- ✓ **VAT and Interest Expenditure:** In terms of Circular No 48 and 58 of the Municipal Finance Management Act the National Treasury has decided to give the interest received on conditional grants to municipalities unconditionally. In other words, municipalities must reflect all interest received on conditional grants as 'own revenue' and its use by the municipality is not subject to any special conditions.
- ✓ When a municipality uses conditional grant funds to purchase goods and services, input VAT is included in the price of such goods and services, which municipalities are required to pay, using conditional grant funding. In the normal course of managing their VAT, municipalities are able to reclaim this VAT from SARS.
- ✓ National Treasury's position is that municipalities must treat this 'reclaimed VAT' as 'own revenue'. In other words, once a municipality has used conditional grant funds to pay for goods and services, including VAT, in line with the grant conditions the funds lose their 'conditional' nature. So when the municipality reclaims the VAT, the funds are no longer subject to any of the conditions applicable to the original grant.
- ✓ **Electricity grant:** R5 million is in our coffers from the Department of Minerals and Energy for electrification projects in various areas.
- ✓ **Revenue and billing challenges:** Although we are seeing some progress, we remain extremely concerned about on-going billing challenges that impact on the quality of services that our customers are experiencing on the daily basis. Electricity theft remains a huge challenge for our Municipality. Revenue collection rate is below norm of 95%.
  - In order to improve collection rate certain revenue enhancement strategies need to be put in place e.g. smart metering.
  - Total operating revenue has increased by 11 per cent or R 32.2 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget
  - Total operating expenditure for the 2015/16 financial year has been appropriated at R317.2 million and translates into a budgeted surplus of R1million. When compared to the 2014/15 Adjustments Budget, operational expenditure has increased by R 31.3 million which equates 10.9 per cent in the 2015/16 budget
  - The capital budget of R 27.2 million for 2015/16 is more than the 2014/15 approved budget by 3 per cent or R 5.8 million. Note that the Municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term.

Madam Speaker with this budget we must rehabilitate our roads, upgrade our community halls, improve the provision of basic service delivery. With this budget we have ensured that we took cognizance of the unpredictable economic challenges in our country.

Madam Speaker, I would like to handover to the CFO to provide further details on the budget.

I thank you.

## 1.2 Executive Summary

Provincial Treasury requested the municipality to implement policies and procedure to ensure that capital expenditure is incurred in accordance with its business plans to meet its service delivery targets or consequently surrender the unspent conditional grants to the National Revenue Fund. The municipality must make a provision for renewal of existing assets to ensure the ongoing health of the municipality's infrastructure supported by reference to its assets management plan. In terms of MFMA Circular No.55, at least 40 percent of the capital budget be allocated to Renewal of existing assets. In addition the municipality will not be progressive on its capital projects due to deterioration or consumption of assets that are not protected with a contingency plan.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers especially on electricity losses.

National Treasury's MFMA Circulars No. 74 and 75 was used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced to grant funded projects and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2015/16 MTREF process; and
- Availability of affordable capital/borrowing.

### Tariff modelling and budget preparation

The 2014/15 Adjustments Budget priorities and targets, as well as the baseline allocations as contained in the Adjustments Budgets were adopted for the new baselines for the 2015/16 annual budget. Affordability was taken into consideration for tariff and property rate increases and was within inflation rate, except where there were price increases in the inputs of services that were beyond the control of the municipality, for instance the cost of bulk electricity from Eskom. In addition, tariffs need to remain or move towards being cost reflective, and take into account the need to address infrastructure backlogs.

Our tariffs has been informed by national norms and standards and our utility price for electricity is always dictated by NERSA. Tariff escalation for Electricity for the 2015/16 financial year is at cost, we implemented exact tariff recommended by NERSA and the reason for not adding the municipal mark-up is to mitigate the negative impact in the lives of the poor and try and meet our community half-way.

### Property Rates

Rate randage has been reduced from 1.45c to 1.27c for the 2014/15 and 2015/16 financial years respectively. Property rates reflects a 11 percent increase due to the following:

#### GV IMPACT ON REVENUE

GV Value	R 22 708 050 825,00	Total value excluding new properties
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<b>GV Percentage</b>	<b>8%</b>	Valuation of new properties which were not on the old GV 2011
<b>Normal increase in existing properties</b>	<b>3%</b>	new improvements on existing properties

The following stipulations in the Property Rates Policy are highlighted:

- the first R 15 000 of the market of a property used for residential purposes is excluded from the rate-able value
- (Section 17(h) of the MPRA). In addition to this rebate, a further R 85 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy

#### **Sale of Electricity and Impact of Tariff Increases**

On the 29 January 2015, Nersa approved and published guidelines on municipal electricity price increase for 2015/16 financial year. A guideline increase of 12.20 per cent has been approved based on the following assumptions:

- Bulk purchases have increased by 14.24 per cent in line with Eskom's electricity tariff increases to municipalities;
- A consumer price index (CPI) of 6.3 per cent as indicated in the Medium Term Budget Policy Statement (MTBPS) 2014;
- Salary and wage increases; and
- Repairs and maintenance, capital charges and other costs have increased by the CPI.

We did not have any increase in electricity tariff in this budget proposal considering the level of unemployment, the petrol price and level of interest rate in our economy. As the municipality we have considered the tariff hike of 14.24% and this tariff is exactly the same hike recommended by NERSA as a national guideline. This is exactly what Eskom will be charge us in the next financial year as the municipality, we did this with a clear understanding that our community is going through a difficult time.

#### **Refuse Service**

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. A 6 per cent increase in the waste removal tariff is proposed from 1 July 2015.

Provincial Treasury is encouraging the municipality to ensure its sustainability as required by MFMA Circulars No.58 and 70 in which all municipalities are advised to have appropriately structured, cost reflective solid waste tariffs by 2015.

#### **Revenue and billing challenges**

Although we are seeing some progress, we remain extremely concerned about on-going billing challenges that impact on the quality of services that our customers are experiencing on the daily basis. It is not acceptable for people to wait long periods of time to have their queries attended to. Finance department is working tirelessly to sort out these challenges. We assigned Billing section and SAMRAS consultant to ensure that our billing system is aligned to the Valuation roll. Revenue collect rate is below norm of 95%, in order to improve collection rate certain revenue enhancement strategies need to be put in place e.g. smart metering, review of indigent policy etc.

#### **Repairs and Maintenance**

Provincial Treasury raised concern regarding insufficient provision made in the budget for ageing infrastructure through Asset Renewal or Repairs and maintenance. The implication of not protecting the assets are detrimental to the municipality's sustainability and that could lead to service delivery protests.

Repairs and maintenance is high priority for the municipality and a provision of R 6 million is included in the 2015/16 budget. We will intensify our efforts to refurbish roads, fix potholes and ensure storm maintenance. In addition we will also focus on the repairs and maintenance of social and sports facilities which were neglected for a long time.

### **1.3 Council Resolutions**

It is recommended:

1. That annual budget of the municipality for the financial year 2015/16 and multi year and single year capital appropriations are approved as set out in the following tables:

1.1 Budgeted Financial Performance (revenue & expenditure by standard classification)

1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote)

1.3 Budgeted Financial Performance (revenue by source and expenditure by type)

1.4 Single year capital appropriations by municipal vote and standard classification and associated funding by source

2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables

2.1 Budgeted Financial Position

2.2 Budgeted Cash Flows

2.3 Cash backed reserves and accumulated surplus reconciliation

2.4 Asset Management

2.5 Basic service delivery measurement

3. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of electricity, refuse removal and all other tariffs as set out in Other Supporting Documents be approved.

4. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy be approved

5. That in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003, adoption of resolutions and budget-related policies be approved.

6. That in terms of section 14 of the Municipal Property Rates Act, 6 of 2004 the rate randage and conditions as set out in Other Supporting Documents be approved.

7. That in terms of section 24(2)(c)(ii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework be approved.

8. That the Basic Services Package of Electricity and Refuse Removal as set out in the Tariff Policy be approved.

9. That the salaries, wages and allowances of all employees including Councillors be increased in accordance with Circular No. 74 of the Municipal Finance Management Act No. 56 of 2003.

10. That the VAT and Interest earned from Grants be utilised for maintenance of assets, to refurbish and replace infrastructure or be plough back to capital projects. An amount of R 5 million be set aside for these activities any shortfall be funded from Capital Replacement Reserve (CRR).

11. That the rate randage for the following categories be approved:-

Category	Category	Proposed Tariff (1 July 2015)	Proposed Rebates (from 1 July 2015)
		€	%
Residential	1	1.27c/R	30%
Industrial	2	1.27c/R	0%
Business & Commercial	3	1.27c/R	0%
Rural- Agriculture	4	1.27c/R	82.5%
Rural – Commercial	5	1.27c/R	30%
Rural-Residential	6	1.27c/R	30%
State Owned Properties	7	1.27c/R	30%
Municipal Properties	8	1.27c/R	100%
Public Service Infrastructure (Roads)	9	1.27c/R	As per the new MPRA act
Public Service Infrastructure (Other)	10	1.27c/R	As per the new MPRA act
Private Towns	11	1.27c/R	0%
Informal Settlements	12	1.27c/R	30%
Mining & Quarries	13	1.27c/R	20%
Vacant Land	14	1.27c/R	0%
Protected Areas	15	1.27c/R	100%
National Monuments	16	1.27c/R	100%
Multi-Purpose	17	1.27c/R	0%
Bulk Development Land	18	1.27c/R	40%

12. That the electricity tariff be increased by 12.20%.

13. That the refuse tariff be increased by 6%.

14. That the AMM be given the authority to sign a Service Level Agreement with Umsunduzi and Eskom to disconnect services for those consumers owed the municipality for more than 30 days.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities.

The Municipality's business and service delivery priorities are reviewed as part of this year's planning and budget process. Where appropriate, funds will be transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review will be undertaken of expenditures on non-core and 'nice to have' items. Key areas where savings can be realized will be on telephone and internet usage, printing, workshops, travel, accommodation, and catering.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;
- Intermediate service level standards will be used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

Fiscal constraints mean that transfers to municipalities will grow more slowly in the period ahead than they have in the past. Accordingly, municipalities must renew their focus on core service delivery functions and reduce costs without adversely affecting basic services. Furthermore they must ensure that efficiency gains, eradication of non-priority spending (cost containment measures) and the reprioritisation of expenditure relating to core infrastructure continue to inform the planning framework.

The state of the economy has an adverse effect on the consumers. As a result municipalities' revenues and cash flows are expected to remain under pressure.

#### Review of local infrastructure grants

The collaborative review of the local government infrastructure grant system led by the National Treasury is still underway. The first phase of the review, completed in 2014, identified necessary reforms that will be made in 2015/16:

- The rules in the municipal infrastructure grant will be amended to allow funds to be used to refurbish and replace infrastructure, but only if municipalities demonstrate that assets have been maintained on a regular basis. Maintenance must be budgeted for as part of the normal business of municipalities.

The Municipal Infrastructure Grant complements the equitable share grant for local government, however, it is provided conditionally to municipalities. Some of the key principles underpinning the design of the MIG are as follows:

- Focus on infrastructure required for a basic level of service: The MIG programme is aimed at providing only basic infrastructure.
- Targeting the poor: The programme is aimed at providing services to the poor and funds will therefore be targeted to reach them.
- Maximising economic benefits: The programme will be managed to ensure that the local economic spin-offs through providing infrastructure are maximised. This includes employment creation and the development of enterprises.

In the context of the principles outlined above, the key objectives of the Municipal Infrastructure Grant are to:

- (a) fully subsidise the capital costs of providing basic services to poor households: this implies that priority must be given to meeting the basic infrastructure needs of poor households, through the provision of appropriate bulk, connector and internal infrastructure in key services;
- (b) distribute funding for municipal infrastructure in an equitable, transparent and efficient manner, which supports a co-ordinated approach to local development and maximises development outcomes.

In terms of Circular No 48 and 58 of the Municipal Finance Management Act the National Treasury has decided to give the interest received on conditional grants to municipalities unconditionally. In other words, municipalities must reflect all interest received on conditional grants as 'own revenue' and its use by the municipality is not subject to any special conditions.

When a municipality uses conditional grant funds to purchase goods and services, input VAT is included in the price of such goods and services, which municipalities are required to pay, using conditional grant funding. In the normal course of managing their VAT, municipalities are able to reclaim this VAT from SARS.

National Treasury's position is that municipalities must treat this 'reclaimed VAT' as 'own revenue'. In other words, once a municipality has used conditional grant funds to pay for goods and services, including VAT, in line with the grant conditions the funds lose their 'conditional' nature. So when the municipality reclaims the VAT, the funds are no longer subject to any of the conditions applicable to the original grant.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2015/16 MTREF**

Details	Adjustment Budget 2014/2015	Budget Year 2015/2016	Budget Year 2016/2017	Budget Year 2017/2018
<b>Total Operating Revenue</b>	<b>286,011,683</b>	<b>318,207,889</b>	<b>337,477,831</b>	<b>361,806,564</b>
<b>Total Operating Expenditure</b>	<b>285,932,167</b>	<b>317,182,511</b>	<b>332,665,393</b>	<b>357,475,502</b>
<b>Surplus/(deficit) for the year</b>	<b>79,516</b>	<b>1,025,378</b>	<b>4,812,437</b>	<b>4,331,062</b>
<b>Total Capital Expenditure</b>	<b>66,872,090</b>	<b>27,249,000</b>	<b>27,993,000</b>	<b>24,109,000</b>

Total operating revenue has increased by 11 per cent or R 32.2 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will increase by R 51.4 million and an increase by R 75.8 million respectively.

Total operating expenditure for the 2015/16 financial year has been appropriated at R 317.2 million and translates into a budgeted surplus of R 1.0 million. When compared to the 2014/15 Adjustments Budget, operational expenditure has increased by R 31.3 million which equates 10.9 per cent in the 2015/16 budget and increased to 16.3 and 25.0 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years is R 4.8 and R 4.3 million respectively. An amount of R6 million is included in the budget for the provision of potholes, resurfacing of roads, grass cutting etc. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R 27.2 million for 2015/16 is more than the 2014/15 approved budget by 3 per cent or R 5.8 million. Note that the Municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term.

Included in the R27,000,000.00 are the following projects:-

- Khayelihle Road and Storm Water
- Main Road Howick
- Midlands Road
- Mpophomeni Ward 8, 10 and 11
- Mpophomeni Sportsfield
- Mandela Capture Site
- Zenzani
- Lions River
- Tumbleweed
- Emandlani
- Sphumelele
- Lidgetton West Sportsfield
- Electrification to Pre-paid

#### **1.4 Operating Revenue Framework**

For uMngeni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;

- Efficient revenue management, which aims to ensure 87 per cent annual collection rate for property rates and other key service charges.
- Electricity proposed tariff increases as per National Treasury's Circular No. 75.
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA) including the Amendment Act;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

**KZN222 uMngeni - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>											
Property rates	2	91,124	100,902	111,632	126,896	127,396	127,396	127,396	141,136	151,888	159,938
Property rates - penalties & collection charges		2,319	3,868	6,037	6,000	6,000	6,000	6,000	6,243	6,586	6,935
Service charges - electricity revenue	2	50,446	48,718	51,842	56,138	60,500	60,500	60,500	68,177	76,829	86,578
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	8,190	7,809	4,619	4,946	4,946	4,946	4,946	5,233	5,521	5,813
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		951	833	728	843	675	675	675	675	712	750
Interest earned - external investments		-	2,513	1,849	900	1,080	1,080	1,080	1,513	1,596	1,680
Interest earned - outstanding debtors		1,285	1,683	1,675	1,728	1,728	1,728	1,728	1,838	1,940	2,042
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		3,823	5,579	24,203	9,694	26,029	26,029	26,029	30,372	29,053	30,593
Licences and permits		1,930	1,916	2,045	2,293	2,293	2,293	2,293	2,425	2,559	2,695
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		57,259	40,598	48,265	47,314	48,458	48,458	48,458	51,426	53,231	56,817
Other revenue	2	22,657	30,064	4,508	7,375	6,908	6,908	6,908	9,169	7,564	7,965
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>239,984</b>	<b>244,483</b>	<b>257,403</b>	<b>264,126</b>	<b>286,012</b>	<b>286,012</b>	<b>286,012</b>	<b>318,208</b>	<b>337,478</b>	<b>361,807</b>

**Table 3 Percentage growth in revenue by main revenue source**

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2015/16 financial year revenue from rates and services charges totalled R 223.0 million or 70 per cent. This growth can be mainly attributed to the valuation roll and the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 59 MBRR SA1 (see page 96).



2015/16 Medium Term Revenue & Expenditure Framework								
Description		Budget Year 2014/15	%	Budget Year 2015/16	%	Budget Year 2016/17	%	Budget Year 2017/18
<b>Revenue By Source</b>								
Property rates		127,396,080.00		141,136,471.20	11%	151,888,007.78	8%	159,938,072.19
Property rates - penalties & collection charges		6,000,000.00		6,242,663.30	4%	6,586,009.78	4%	6,935,068.30
Service charges - electricity revenue		60,499,742.00		68,177,158.92	13%	76,828,840.06	13%	86,578,420.43
Service charges - refuse revenue		4,946,015.00		5,232,882.76	6%	5,520,690.74	5%	5,813,287.85
Rental of facilities and equipment		674,840.00		675,021.45	0%	712,147.63	0%	749,891.46
Interest earned - external investments		1,080,000.00		1,512,611.60	40%	1,595,805.23	40%	1,680,382.91
Interest earned - outstanding debtors		1,727,885.00		1,838,495.80	6%	1,939,613.07	6%	2,042,412.56
Fines		26,028,762.00		30,371,634.98	17%	29,053,043.63	17%	30,592,854.95
Licences and permits		2,292,525.00		2,425,491.45	6%	2,558,893.48	6%	2,694,514.83
Transfers recognised - operational		48,547,862.00		51,426,000.00	6%	53,231,000.00	6%	56,817,000.00
Other revenue		6,907,972.00		9,169,458.41	33%	7,563,779.35	-18%	7,964,658.64
<b>NET OPERATING INCOME</b>		<b>286,101,683.00</b>		<b>318,207,889.88</b>		<b>337,477,830.76</b>		<b>361,806,564.12</b>

Property rates are the largest revenue source totalling 11 per cent or R141.0 million rand and increases to R151.9 million by 2016/17. The second largest source is user charges for services which consists of sale of electricity and refuse removal charges. Operating Grants & Subsidies are the third largest revenue source totalling 16.2 per cent or R 51.4 million. Departments have been urged to review the tariffs of items like building plan fees, connection fees, advertisements and permits and licenses on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R 51.4 million in the 2015/16 financial year and steadily increases to R53,2 million by 2016/17. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

KZN222 uMngeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		32,166	38,897	43,831	39,769	40,528	40,528	44,100	45,222	48,317
Local Government Equitable Share		30,559	29,951	37,208	36,235	36,235	36,235	40,132	42,640	45,584
Municipal Systems Improvement		790	342	966	934	1,315	1,315	930	957	1,033
Finance Management		817	2,232	2,673	1,600	1,977	1,977	1,600	1,625	1,700
EPWP Incentive			1,021	2,984	1,000	1,000	1,000	1,438	--	--
Other transfers/grants [insert description]		--	5,341							
Provincial Government:		978	1,701	4,434	7,545	7,930	7,930	7,326	8,009	8,500
Library		850	1,562	2,672	2,752	2,752	2,752	2,760	3,134	3,291
Museum		125	134	284	799	651	651	166	175	184
Data cleansing			5	1,320	--	175	175	--	--	--
Other transfers and grants [MAP]		3		158	--	358	358	--	--	--
Special Support Councillors Remuneration		--	--		3,994	3,994	3,994	4,400	4,700	5,025
District Municipality:		--	--	--	--	--	--	--	--	--
[insert description]										
Other grant providers:		--	--	--	--	--	--	--	--	--
<b>Total Operating Transfers and Grants</b>	5	33,144	40,598	48,265	47,314	48,458	48,458	51,426	53,231	56,817
<b>Capital Transfers and Grants</b>										
National Government:		14,538	24,364	19,487	21,415	21,840	21,840	27,249	27,993	24,109
Municipal Infrastructure Grant (MIG)		11,977	24,364	18,912	21,415	21,415	21,415	22,249	22,993	24,109
Dept. of Energy- NATIONAL GRANT		2,562		575	--	425	425	5,000	5,000	--
Other capital transfers/grants [insert desc]		--								
Provincial Government:		9,577	2,409	8,641	--	42,538	42,538	--	--	--
Mandela Capture Phase 1 and corridor		9,577	2,409	8,641	--	42,538	42,538	--	--	--
District Municipality:		--	--	--	--	--	--	--	--	--
[insert description]		--								
Other grant providers:		--	--	--	--	2,494	2,494	--	--	--
Massification and Cedara College- PROVINCIAL GRANT					--	2,494	2,494			
Museum		--	--							
<b>Total Capital Transfers and Grants</b>	5	24,115	26,774	28,128	21,415	66,872	66,872	27,249	27,993	24,109
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		57,259	67,372	76,393	68,729	115,330	115,330	78,675	81,224	80,926

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of

items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circulars No. 66 and 67 deals, inter alia, with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R85 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 30 per cent rebate will be granted on all residential properties;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- Individual property owners who are both the permanent occupants and the sole owners of the property concerned and who are registered indigents in terms of the municipality's indigent policy: additional 70%
- Individual property owners who are over 60 years of age, who are both the permanent occupants and sole owner/owners of the property concerned, and whose aggregate household income does not exceed R10500.00 per month (which should be proved to the satisfaction of the Chief Financial Officer): Additional 30%
- Individual property owners who are disabled and the permanent occupants and sole owners of the property concerned, and whose aggregate household income does not exceed R10500.00 per month (which should be proved to the satisfaction of the Chief Financial Officer): additional 30%
- Owners of a Sectional Titles Act Zoned (Town Planning Scheme) Retirement Village unit with Older Persons Act registered Care Services compliant with the Housing Development Schemes for Retired Persons Act, with the Category of Property Code "1" and Use Code "D04" as reflected in the General Valuation Roll: additional 20%
- Old Age Homes/Nursing Home with the Category of Property Code "1" and the Use Code "D07" as reflected in the General Valuation Roll: additional 70%
- Agricultural property owners who qualify as a pensioner as above :additional 10%
- When a property is occupied by families led by children and that is certified by the General Manager: Community Services as such:100% Rates Exemption.
- If a residential property is not used exclusively for residential purposes although categorized as such (1), i.e. Bed & Breakfast, such property is not entitled to any exemptions and/or rebates applicable to that category, however application can be made for special rebates in terms of the uMngeni Municipality Incentive Scheme
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Council in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for 2015/16 be reduced to 1.29 cents in the Rand from 1.45 cents in the Rand as was implemented in the 2014/15 financial year. Below is a proposed tariff table:

Table 5 Comparison of proposed rates to be levied for the 2015/16 financial year

Category	Category	Proposed Tariff (1 July 2015)	Proposed Rebates (from 1 July 2015)
		C	%
Residential	1	1.27c/R	30%
Industrial	2	1.27c/R	0%
Business & Commercial	3	1.27c/R	0%
Rural- Agriculture	4	1.27c/R	82.5%
Rural – Commercial	5	1.27c/R	30%
Rural-Residential	6	1.27c/R	30%
State Owned Properties	7	1.27c/R	30%
Municipal Properties	8	1.27c/R	100%
Public Service Infrastructure (Roads)	9	1.27c/R	As per the new MPRA act
Public Service Infrastructure (Other)	10	1.27c/R	As per the new MPRA act
Private Towns	11	1.27c/R	0%
Informal Settlements	12	1.27c/R	30%
Mining & Quarries	13	1.27c/R	20%
Vacant Land	14	1.27c/R	0%
Protected Areas	15	1.27c/R	100%
National Monuments	16	1.27c/R	100%
Multi-Purpose	17	1.27c/R	0%
Bulk Development Land	18	1.27c/R	40%

#### 1.4.2 Sale of Electricity and Impact of Tariff Increases

On the 29 January 2015, Nersa approved and published guidelines on municipal electricity price increase for 2015/16 financial year. A guideline increase of 12.20 per cent has been approved based on the following assumptions:

- Bulk purchases have increased by 14.24 per cent in line with Eskom's electricity tariff increases to municipalities;
- A consumer price index (CPI) of 6.3 per cent as indicated in the Medium Term Budget Policy Statement (MTBPS) 2014;
- Salary and wage increases; and
- Repairs and maintenance, capital charges and other costs have increased by the CPI.

It should be noted that the guideline is not an automatic increase in tariffs. Therefore all municipalities with distribution licenses are still required to apply to Nersa for the approval of their tariffs.

Registered indigents will again be granted 100 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

**Table 6 Comparison between current electricity charges and increases (Domestic)**

Monthly Consumption kWh	Current Tariffs Payable	Proposed Tariffs Payable	Percentage Increase Increase
1-50 kWh	74c/kWh	83c/kWh	12.20%
51-350 kWh	93c/kWh	105c/kWh	12.20%
351-600 kWh	120c/kWh	135c/kWh	12.20%
601kWh and above	142c/kWh	159c/kWh	12.20%

During his budget speech on 25 February 2015, the Minister of Finance announced that electricity levy will be increased by 2 cents per kWh. A special municipal circular will be issued in due course to guide municipalities on the implementation of the 2 cents per kWh electricity level. In interim municipalities are advised to use the guideline issued by NERSA to set their tariffs for the 2015/16 financial year.

#### 1.4.2 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2015. Higher increases will not be viable in 2015/16 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2015:

**Table 6 Comparison between current waste removal fees and increases**

Type of Consumer	Description	Current Tariffs	Proposed Tariffs
------------------	-------------	-----------------	------------------

		2014/2015	2015/2016
<b>Domestic Consumers</b>	Consumers /Ratepayers with total market value per property up to R200 000	Free	Free
<b>Commercial / Consumers</b>	Consumer/Ratepayers with property values in excess of R200 000	R 54.15 per month	R 57.40 per month
	One Collection per week per 120 litre bin	R 101.12 per month	R 107.19 per month
<b>Government</b>	One Collection per week per 120 litre bin	R 89.89 per month	R95.28 per month

#### 1.4.3 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 5.5 and 6 per cent, with the increase for indigent households closer to 6.0 per cent. Electricity increases however impacts on the total household bill.

Table 7 MBRR Table SA14 – Household bills

KZN222 uMngeni - Supporting Table SA14 Household bills											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % Incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		5,087.30	5,422.90	5,748.27	6,093.17	5,812.00	5,812.00	12.9%	6,587.58	6,587.58	6,587.58
Electricity: Basic levy		79.80	84.27	89.32	94.67	91.36	91.36	12.0%	102.51	102.51	102.51
Electricity: Consumption		766.00	905.00	959.30	1,018.88	988.37	988.37	11.8%	1,106.70	1,106.70	1,106.70
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		42.86	45.40	48.12	51.00	50.45	50.45	8.0%	53.77	53.77	53.77
Other		-	-	-	-	-	-	-	-	-	-
sub-total		5,955.96	6,457.57	6,845.01	7,255.70	6,940.18	6,943.18	7.9%	7,830.54	7,830.54	7,830.54
VAT on Services											
Total large household bill:		5,955.96	6,457.57	6,845.01	7,255.70	6,940.18	6,943.18	7.9%	7,830.54	7,830.54	7,830.54
% Increase/-decrease			8.4%	6.0%	6.0%	(4.3%)	0.0%		12.8%	-	-
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		3,644.87	3,900.65	4,124.69	4,372.17	4,634.50	4,634.50	19.7%	5,551.20	5,551.20	5,551.20
Electricity: Basic levy		79.80	84.27	89.33	100.23	106.24	106.24	18.6%	126.34	126.34	126.34
Electricity: Consumption		373.80	379.00	401.74	425.84	451.39	451.39	12.4%	507.18	507.18	507.18
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		42.80	45.40	48.12	51.01	54.07	54.07	52.8%	84.76	84.76	84.76
Other		-	-	-	-	-	-	-	-	-	-
sub-total		4,141.27	4,409.32	4,663.88	4,949.25	5,246.20	5,246.20	26.3%	6,249.48	6,249.48	6,249.48
VAT on Services											
Total small household bill:		4,141.27	4,409.32	4,663.88	4,949.25	5,246.20	5,246.20	26.3%	6,249.48	6,249.48	6,249.48
% Increase/-decrease			6.5%	5.8%	6.1%	6.0%	-		19.1%	-	-
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		3,644.87	3,900.65	4,134.69	4,382.77	4,645.74	4,645.74	13.0%	5,249.69	5,249.69	5,249.69
Electricity: Basic levy		79.80	84.27	89.33	94.68	106.24	106.24	12.0%	119.20	119.20	119.20
Electricity: Consumption		373.80	379.00	401.74	425.84	477.79	477.79	12.3%	536.08	536.08	536.08
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		42.80	45.40	48.12	51.07	54.13	54.13	5.5%	57.38	57.38	57.38
Other		-	-	-	-	-	-	-	-	-	-
sub-total		4,141.27	4,409.32	4,673.88	4,954.37	5,283.90	5,283.90	20.3%	5,962.35	5,962.35	5,962.35
VAT on Services											
Total small household bill:		4,141.27	4,409.32	4,673.88	4,954.37	5,283.90	5,283.90	20.3%	5,962.35	5,962.35	5,962.35
% Increase/-decrease			6.5%	6.0%	6.0%	6.7%	-		12.8%	-	-

### Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- Repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

Expenditure By Type												
Employee related costs	2	73,267	75,210	65,271	80,741	87,583	87,583	87,583	103,729	109,375	115,098	
Remuneration of councillors		5,168	5,465	5,745	6,127	6,358	6,358	6,358	6,726	7,096	7,473	
Debt impairment	3	18,585	14,543	22,271	7,847	20,285	20,285	20,285	21,462	22,642	23,842	
Depreciation & asset impairment	2	12,710	58,185	37,604	10,675	10,675	10,675	10,675	11,232	11,850	12,478	
Finance charges		6,140	5,992	4,297	4,499	4,499	4,499	4,499	4,760	5,022	5,286	
Bulk purchases	2	51,625	60,662	65,893	65,681	74,783	74,783	74,783	80,432	91,886	104,970	
Other materials	8	-	-	-	-	-	-	-	-	-	-	
Contracted services		1,063	1,115	1,950	9,219	9,701	9,701	9,701	10,249	10,813	11,386	
Transfers and grants		2,379	5,110	10,867	7,085	8,229	8,229	8,229	7,110	5,891	6,208	
Other expenditure	4, 5	59,479	33,074	69,334	67,411	63,819	63,819	63,819	71,481	68,090	70,733	
Loss on disposal of PPE		65	22	9	-	-	-	-	-	-	-	
<b>Total Expenditure</b>		<b>230,481</b>	<b>259,378</b>	<b>283,240</b>	<b>259,285</b>	<b>285,932</b>	<b>285,932</b>	<b>285,932</b>	<b>317,183</b>	<b>332,665</b>	<b>357,476</b>	

The budgeted allocation for employee related costs for the 2015/16 financial year totals R 103.7 million, which equals 32.7 per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 6.3 per cent for the 2015/16 financial year. An annual increase of 5.4 and 5.2 per cent has been included in the two outer years of the MTREF respectively. As part of the planning assumptions and interventions only critical vacancies were originally budgeted for with a 5.8% increase as per Circular No.74. In addition expenditure against overtime was included amounting to R 3.9 million.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). Again Councillors allowances increases a 6 percent increase was provided in terms of Circular No.75.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 11.2 million for the 2015/16 financial and equates to 3.5 per cent of the total operating expenditure.. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.5 per cent (R 4.8 million) of total operating expenditure excluding annual redemption for 2015/16 and increases to R 5.0 million in 2016/17. As previously noted, the Municipality has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it is kept close to 1.5 per cent over the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2015/16 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2015/16 financial year, this group of expenditure totals R 10.2 million. For the two outer years growth has been increased to R 10.8 and R 11.4 million respectively. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2015/16 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 6.3 per cent for 2015/16 and curbed at 6.0 per cent for the two outer years, indicating that significant cost savings have been already realised.

#### 1.4.4 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration,



purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 8 Operational repairs and maintenance**

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was increased by in the 2015/16 financial year, from R 22.9 million to R 24.7million. The total allocation for repairs and maintenance in the 2015/16 financial year equates to 8 per cent of the total operating expenditure which is line with National Treasury's recommendation.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure			-	-	-	14,536	14,536	14,536	14,699	15,505	16,329
Infrastructure - Road transport			-	-	-	9,972	9,972	9,972	9,125	9,627	10,137
Roads, Pavements & Bridges			-	-	-	6,660	6,660	6,660	2,075	2,189	2,305
Storm water			-	-	-	3,313	3,313	3,313	7,050	7,438	7,832
Infrastructure - Electricity			-	-	-	4,564	4,564	4,564	5,574	5,880	6,192
Generation			-	-	-	-	-	-	-	-	-
Transmission & Reticulation			-	-	-	4,564	4,564	4,564	5,574	5,880	6,192
Street Lighting			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Dams & Reservoirs			-	-	-	-	-	-	-	-	-
Water purification			-	-	-	-	-	-	-	-	-
Reticulation			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Reticulation			-	-	-	-	-	-	-	-	-
Sewerage purification			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Waste Management			-	-	-	-	-	-	-	-	-
Transportation		2	-	-	-	-	-	-	-	-	-
Gas		3	-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Community			3,558	4,932	6,333	8,365	5,261	5,261	10,042	9,594	10,063
Parks & gardens			-	-	-	-	-	-	-	-	-
Sportsfields & stadia			-	-	-	1,329	1,329	1,329	959	1,782	1,876
Swimming pools			-	-	-	-	-	-	-	-	-
Community halls			-	-	-	39	39	39	273	288	303
Libraries			-	-	-	538	538	538	570	601	633
Recreational facilities			-	-	-	-	-	-	-	-	-
Fire, safety & emergency			-	-	-	48	48	48	7	7	7
Security and policing			-	-	-	245	245	245	794	338	316
Buses		7	-	-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	68	68	68	-	-	-
Cemeteries			-	-	-	617	617	617	-	-	-
Social rental housing		8	-	-	-	5	5	5	283	298	314
Other			3,558	4,932	6,333	5,476	2,373	2,373	7,156	6,280	6,613
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings		9	-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Housing development			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Other assets			-	-	-	-	-	-	-	-	-
General vehicles		10	-	-	-	-	-	-	-	-	-
Specialised vehicles			-	-	-	-	-	-	-	-	-
Plant & equipment			-	-	-	-	-	-	-	-	-
Computers - hardware/equipment			-	-	-	-	-	-	-	-	-
Furniture and other office equipment			-	-	-	-	-	-	-	-	-
Abattoirs			-	-	-	-	-	-	-	-	-
Markets			-	-	-	-	-	-	-	-	-
Civic Land and Buildings			-	-	-	-	-	-	-	-	-
Other Buildings			-	-	-	-	-	-	-	-	-
Other Land			-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or inventory)			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Computers - software & programming			-	-	-	-	-	-	-	-	-
Other (list sub-class)			-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure		1	3,558	4,932	6,333	22,902	19,797	19,797	24,741	25,102	26,392
Specialised vehicles											
Refuse			-	-	-	-	-	-	-	-	-
Fire			-	-	-	-	-	-	-	-	-
Conservancy			-	-	-	-	-	-	-	-	-
Ambulances			-	-	-	-	-	-	-	-	-
R&M as a % of PPE			0.6%	0.6%	0.6%	2.6%	2.3%	2.3%	3.1%	3.1%	3.3%
R&M as % Operating Expenditure			1.5%	1.9%	2.2%	8.6%	6.9%	6.9%	8.0%	7.6%	7.4%

For the 2015/16 financial year, 59.5 per cent or R 15.7 million of total repairs and maintenance will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totalling 36.9 per cent (R 9.1 million), followed by electricity infrastructure at 22.6 per cent (R 5.6 million). Community assets have been allocated R 10.0 million of total repairs and maintenance equating to 40.7 per cent. This is to comply with the requirements of National Treasury Circulars 66 & 67 to budget for at least 8% of Property, Plant & Equipment for renewal and operational repairs and maintenance of existing asset infrastructure.

#### 1.4.5 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. There is currently plus minus 1150 debtors registered as indigent and the target is to register 500 or more indigent households during the 2015/16 financial year, a process reviewed on an annual basis.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

#### 1.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 9 2015/16 Medium-term capital budget per vote**

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand .	1										
Vote 1 - Executive and Council		790,000	0	0	0	500,000	0	0	0	0	0
Vote 2 - Finance		816,400	0	0	0	0	0	0	0	0	0
Vote 4 - Planning Services		0	0	2,462,016	0	42,537,985	42,537,985	42,537,985	0	0	0
Vote 5 - Community Services		39,000	0	0	2,500,000	3,222,539	3,222,539	3,222,539	3,500,000	0	0
Vote 6 - Technical Services		19,072,000	26,857,723	30,098,045	20,515,000	20,723,261	20,723,261	20,723,261	18,749,000	22,993,000	24,109,000
Vote 9 - Electricity		3,819,000	0	574,895	0	1,008,105	1,008,105	1,008,105	5,000,000	5,000,000	0
Capital single-year expenditure sub-total		24,536,400	26,857,723	33,134,956	23,015,000	67,991,890	67,491,890	67,491,890	27,249,000	27,993,000	24,109,000

For 2015/16 an amount of R 23.7 million has been appropriated for the technical services which represents 87.2 per cent of the total capital budget. In the two outer years technical services owns 100 per cent of the capital budget.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 22 MBRR A9 (Asset Management) on page 32.

#### 1.6 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 10 MBRR Table A1 - Budget Summary

KZN222 uMngeni - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	93,444	104,770	117,669	132,896	133,396	133,396	133,396	147,379	158,474	166,873
Service charges	58,636	56,527	56,461	61,084	65,446	65,446	65,446	73,410	82,350	92,392
Investment revenue	-	2,513	1,849	900	1,080	1,080	1,080	1,513	1,596	1,680
Transfers recognised - operational	57,259	40,598	48,265	47,314	48,458	48,458	48,458	51,426	53,231	56,817
Other own revenue	30,645	40,076	33,159	21,932	37,632	37,632	37,632	44,480	41,827	44,044
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>239,984</b>	<b>244,483</b>	<b>257,403</b>	<b>264,126</b>	<b>286,012</b>	<b>286,012</b>	<b>286,012</b>	<b>318,208</b>	<b>337,478</b>	<b>361,807</b>
Employee costs	73,267	75,210	65,271	80,741	87,583	87,583	87,583	103,729	109,375	115,098
Remuneration of councillors	5,188	5,465	5,745	6,127	6,358	6,358	6,358	6,726	7,096	7,473
Depreciation & asset impairment	12,710	58,185	37,604	10,675	10,675	10,675	10,675	11,232	11,850	12,478
Finance charges	6,140	5,992	4,297	4,499	4,499	4,499	4,499	4,760	5,022	5,288
Materials and bulk purchases	51,625	60,662	65,893	65,681	74,783	74,783	74,783	80,432	91,886	104,970
Transfers and grants	2,379	5,110	10,867	7,085	8,229	8,229	8,229	7,110	5,891	6,208
Other expenditure	79,193	48,754	93,564	84,476	93,806	93,806	93,806	103,193	101,545	105,961
<b>Total Expenditure</b>	<b>230,481</b>	<b>259,378</b>	<b>283,240</b>	<b>259,285</b>	<b>285,932</b>	<b>285,932</b>	<b>285,932</b>	<b>317,183</b>	<b>332,665</b>	<b>357,476</b>
<b>Surplus/(Deficit)</b>	<b>9,502</b>	<b>(14,895)</b>	<b>(25,837)</b>	<b>4,842</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>1,025</b>	<b>4,812</b>	<b>4,331</b>
Transfers recognised - capital	24,536	16,190	28,128	21,415	66,872	66,872	66,872	27,249	27,993	24,109
Contributions recognised - capital & contributed a	-	-	139	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>34,039</b>	<b>1,295</b>	<b>2,430</b>	<b>26,257</b>	<b>66,952</b>	<b>66,952</b>	<b>66,952</b>	<b>28,274</b>	<b>32,805</b>	<b>28,440</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>34,039</b>	<b>1,295</b>	<b>2,430</b>	<b>26,257</b>	<b>66,952</b>	<b>66,952</b>	<b>66,952</b>	<b>28,274</b>	<b>32,805</b>	<b>28,440</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>24,536</b>	<b>26,858</b>	<b>33,135</b>	<b>23,015</b>	<b>67,992</b>	<b>67,992</b>	<b>67,992</b>	<b>27,249</b>	<b>27,993</b>	<b>24,109</b>
Transfers recognised - capital	24,536	26,858	28,128	21,415	66,872	66,872	66,872	27,249	27,993	24,109
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	5,007	1,600	1,120	1,120	1,120	-	-	-
<b>Total sources of capital funds</b>	<b>24,536</b>	<b>26,858</b>	<b>33,135</b>	<b>23,015</b>	<b>67,992</b>	<b>67,992</b>	<b>67,992</b>	<b>27,249</b>	<b>27,993</b>	<b>24,109</b>
<b>Financial position</b>										
Total current assets	45,962	108,913	109,695	185,716	156,319	156,319	156,319	134,985	108,012	105,800
Total non current assets	613,432	805,913	780,724	829,708	874,685	874,685	874,685	802,643	803,388	799,504
Total current liabilities	72,697	54,480	56,696	4,835	4,835	4,835	4,835	32,459	34,289	37,259
Total non current liabilities	66,310	71,723	71,335	37,151	37,151	37,151	37,151	38,671	35,636	34,693
Community wealth/Equity	520,387	788,622	762,387	973,438	989,018	989,018	989,018	866,497	841,474	833,352
<b>Cash flows</b>										
Net cash from (used) operating	18,097	30,452	69,099	25,734	55,318	55,318	55,318	30,283	31,781	28,417
Net cash from (used) investing	(22,051)	(24,364)	(51,617)	(23,015)	(53,117)	(53,117)	(53,117)	(27,249)	(27,993)	(24,109)
Net cash from (used) financing	(1,563)	(2,368)	(2,445)	(2,500)	(2,500)	(2,500)	(2,500)	(2,650)	(2,809)	(2,809)
<b>Cash/cash equivalents at the year end</b>	<b>(5,995)</b>	<b>(2,275)</b>	<b>12,763</b>	<b>8,895</b>	<b>8,377</b>	<b>8,377</b>	<b>8,377</b>	<b>8,761</b>	<b>9,740</b>	<b>11,239</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	(3,580)	12,574	38,474	47,500	18,103	18,103	18,103	26,926	31,517	35,120
Application of cash and investments	32,087	21,543	27,226	(39,458)	(34,836)	(40,391)	(40,391)	(12,933)	(8,720)	(3,069)
<b>Balance - surplus (shortfall)</b>	<b>(36,667)</b>	<b>(8,968)</b>	<b>11,248</b>	<b>86,958</b>	<b>52,939</b>	<b>58,494</b>	<b>58,494</b>	<b>39,859</b>	<b>40,237</b>	<b>38,190</b>
<b>Asset management</b>										
Asset register summary (WDV)	41	771,595	769,733	34,385	34,385	36,743	802,643	802,643	803,388	799,504
Depreciation & asset impairment	12,710	58,185	37,604	10,675	10,675	10,675	11,232	11,232	11,850	12,478
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	3,558	4,932	6,333	22,902	19,797	19,797	24,741	24,741	25,102	26,392
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	65,528	56,992	56,992	53,900	53,900	53,900	56,930	56,930	60,132	60,132
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	23	23	23	23	23	23	21	21	22	22

#### Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

**Table 11 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

**KZN222 uMngeni - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		155,284	137,303	148,190	171,152	173,541	173,541	191,126	199,653	210,555
Executive and council		125,083	107,689	112,815	166,040	167,885	167,885	186,039	194,349	204,981
Budget and treasury office		27,506	28,232	34,542	4,088	4,794	4,794	4,207	4,375	4,596
Corporate services		3,695	1,382	832	1,045	862	862	881	929	978
<i>Community and public safety</i>		7,314	9,427	29,668	16,797	32,159	32,159	33,740	35,590	37,467
Community and social services		4,938	1,882	3,235	3,952	3,768	3,768	3,528	3,717	3,904
Sport and recreation		147	5	153	6	6	6	181	191	201
Public safety		562	7,540	26,280	12,839	28,385	28,385	30,031	31,683	33,362
Housing		-	-	-	-	-	-	-	-	-
Health		1,667	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1,770	31,087	5,814	4,159	4,195	4,195	4,968	3,725	3,922
Planning and development		1,034	357	541	724	691	691	1,031	1,089	1,146
Road transport		736	30,730	5,273	3,435	3,504	3,504	3,937	2,636	2,776
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		74,616	66,666	73,732	72,017	76,117	76,117	88,373	98,510	109,863
Electricity		59,518	53,823	59,281	61,417	65,539	65,539	76,936	86,362	96,964
Water		-	-	-	-	-	-	-	-	-
Waste water management		205	-	-	22	-	-	-	-	-
Waste management		14,894	12,842	14,451	10,578	10,578	10,578	11,437	12,148	12,899
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	239,984	244,483	257,403	264,126	286,012	286,012	318,208	337,478	361,807
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		66,484	49,897	92,900	80,223	78,809	78,809	86,363	85,252	93,680
Executive and council		40,212	23,495	56,543	31,552	28,514	28,514	34,257	30,843	36,399
Budget and treasury office		16,381	16,207	20,168	26,032	25,569	25,569	20,655	21,228	22,342
Corporate services		9,891	10,194	16,190	22,639	24,726	24,726	31,451	33,181	34,939
<i>Community and public safety</i>		36,052	70,580	67,685	40,520	56,354	56,354	51,507	53,834	56,637
Community and social services		19,456	8,375	7,783	16,362	20,635	20,635	12,504	13,186	13,875
Sport and recreation		9,957	8,450	8,411	9,974	10,613	10,613	11,229	11,846	12,474
Public safety		4,972	9,880	23,984	12,864	23,904	23,904	25,891	26,815	28,196
Housing		-	43,875	27,508	1,319	1,201	1,201	1,883	1,987	2,092
Health		1,667	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		27,127	37,794	25,508	31,311	35,646	35,646	53,906	53,534	50,698
Planning and development		9,195	8,375	6,603	7,722	7,814	7,814	8,834	9,320	9,814
Road transport		17,931	29,419	18,904	23,588	27,833	27,833	45,072	44,214	40,885
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		100,682	101,057	97,142	107,163	115,057	115,057	125,337	139,972	156,381
Electricity		81,814	84,350	80,456	82,762	91,091	91,091	99,981	113,221	128,212
Water		-	-	-	-	-	-	-	-	-
Waste water management		4,606	3,685	2,740	9,047	5,377	5,377	5,688	6,001	6,319
Waste management		14,262	13,022	13,946	15,354	18,589	18,589	19,668	20,749	21,849
<i>Other</i>	4	135	51	5	69	87	87	71	74	78
<b>Total Expenditure - Standard</b>	3	230,481	258,378	283,240	259,285	285,932	285,932	317,183	332,665	357,476
<b>Surplus/(Deficit) for the year</b>		9,503	(14,895)	(25,837)	4,841	79	79	1,025	4,813	4,332

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 9 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. But in this case both the Electricity and Waste management functions are reflecting a deficit.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Executive & Council.

**Table 12 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

**KZN222 uMngeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>										
<b>Revenue by Vote</b>	<b>1</b>									
Vote 1 - Executive and Council		125,413	107,689	112,815	166,040	167,885	167,885	186,039	194,349	204,981
Vote 2 - Finance		27,506	28,232	34,542	4,068	4,794	4,794	4,207	4,375	4,596
Vote 3 - Corporate Services		1,907	1,382	1,023	1,334	1,128	1,128	1,187	1,252	1,319
Vote 4 - Planning Services		1,034	357	541	724	691	691	1,031	1,089	1,146
Vote 5 - Community Services		5,440	9,303	29,434	16,469	31,996	31,996	33,393	35,224	37,082
Vote 6 - Technical Services		17,827	43,485	19,767	14,074	13,978	13,978	15,414	14,827	15,719
Vote 7 - Economic Development and Growth		389	-	-	-	-	-	-	-	-
Vote 8 - Internal Audit		950	211	-	-	-	-	-	-	-
Vote 9 - Electricity		59,517	53,823	59,281	61,417	65,539	65,539	76,936	86,362	96,964
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>2</b>	<b>239,984</b>	<b>244,483</b>	<b>257,403</b>	<b>264,126</b>	<b>286,012</b>	<b>286,012</b>	<b>318,208</b>	<b>337,478</b>	<b>361,807</b>
<b>Expenditure by Vote to be appropriated</b>	<b>1</b>									
Vote 1 - Executive and Council		59,194	23,496	57,316	32,888	30,455	30,455	36,314	33,013	38,684
Vote 2 - Finance		6,376	16,207	20,168	24,125	23,662	23,662	20,655	21,228	22,342
Vote 3 - Corporate Services		6,797	10,194	13,438	19,159	20,642	20,642	23,981	25,300	26,641
Vote 4 - Planning Services		6,376	8,375	6,603	7,819	7,814	7,814	8,884	9,370	9,864
Vote 5 - Community Services		28,807	67,652	64,238	32,583	49,477	49,477	49,464	51,678	54,368
Vote 6 - Technical Services		37,091	44,979	38,188	56,675	59,333	59,333	74,195	74,943	73,247
Vote 7 - Economic Development and Growth		2,955	2,307	2,303	2,544	2,483	2,483	2,627	2,772	2,918
Vote 8 - Internal Audit		3,072	1,818	529	729	976	976	1,083	1,140	1,199
Vote 9 - Electricity		81,813	84,351	80,456	82,762	91,091	91,091	99,981	113,221	128,212
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>230,481</b>	<b>259,378</b>	<b>283,240</b>	<b>259,285</b>	<b>285,932</b>	<b>285,932</b>	<b>317,183</b>	<b>332,665</b>	<b>357,476</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>9,502</b>	<b>(14,895)</b>	<b>(25,837)</b>	<b>4,842</b>	<b>79</b>	<b>79</b>	<b>1,025</b>	<b>4,813</b>	<b>4,332</b>



**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity trading service.

**Table 13 Surplus/(Deficit) calculations for the trading services**

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue and Expenditure Framework		
Thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2015/16	Budget Year 2016/17	Budget Year 2017/18
Operating Revenue	59,518	53,823	59,281	61,417	65,539	65,539	65,539	76,936	86,362	96,984
Operating Expenditure	81,814	84,350	80,456	82,762	91,091	91,091	91,091	91,091	104,981	133,212
Surplus for the year	(22,296)	(30,527)	(21,175)	(21,345)	(25,552)	(25,552)	(25,552)	(14,155)	(18,618)	(36,248)
Percentage Surplus	-37%	-57%	-36%	-35%	-39%	-39%	-39%	-18%	-22%	-37%

2. The electricity trading deficit is a major concern over the 2015/16 MTREF averaging -18 percent over the MTREF. This is primarily as a result of the high increases in Eskom bulk purchases, distribution losses through tampering, theft, illegal connections and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. Note that the deficit on the electricity account is *cross-subsidise by rates and other municipal services*.

**Table 14 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

**KZN222 uMngeni - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Revenue By Source											
Property rates	2	91,124	100,902	111,632	126,896	127,396	127,396	127,396	141,136	151,888	159,938
Property rates - penalties & collection charges		2,319	3,868	6,037	6,000	6,000	6,000	6,000	6,243	6,586	6,935
Service charges - electricity revenue	2	50,446	48,718	51,842	56,138	60,500	60,500	60,500	68,177	76,829	86,578
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	8,190	7,809	4,619	4,946	4,946	4,946	4,946	5,233	5,521	5,813
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		951	833	728	843	675	675	675	675	712	750
Interest earned - external investments		-	2,513	1,849	900	1,080	1,080	1,080	1,513	1,596	1,680
Interest earned - outstanding debtors		1,285	1,683	1,675	1,728	1,728	1,728	1,728	1,838	1,940	2,042
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		3,823	5,579	24,203	9,694	26,029	26,029	26,029	30,372	29,053	30,593
Licences and permits		1,930	1,916	2,045	2,293	2,293	2,293	2,293	2,425	2,559	2,695
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		57,259	40,598	48,265	47,314	48,458	48,458	48,458	51,426	53,231	56,817
Other revenue	2	22,657	30,064	4,508	7,375	6,908	6,908	6,908	9,169	7,564	7,965
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		239,984	244,483	257,403	264,126	286,012	286,012	286,012	318,208	337,478	361,807
Expenditure By Type											
Employee related costs	2	73,267	75,210	65,271	80,741	87,583	87,583	87,583	103,729	109,375	115,098
Remuneration of councillors		5,168	5,465	5,745	6,127	6,358	6,358	6,358	6,726	7,096	7,473
Debt impairment	3	18,585	14,543	22,271	7,847	20,285	20,285	20,285	21,462	22,642	23,842
Depreciation & asset impairment	2	12,710	58,185	37,604	10,675	10,675	10,675	10,675	11,232	11,850	12,478
Finance charges		6,140	5,992	4,297	4,499	4,499	4,499	4,499	4,760	5,022	5,288
Bulk purchases	2	51,625	60,662	65,893	65,681	74,783	74,783	74,783	80,432	91,886	104,970
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		1,063	1,115	1,950	9,219	9,701	9,701	9,701	10,249	10,813	11,386
Transfers and grants		2,379	5,110	10,867	7,085	8,229	8,229	8,229	7,110	5,891	6,208
Other expenditure	4, 5	59,479	33,074	69,334	67,411	63,819	63,819	63,819	71,481	68,090	70,733
Loss on disposal of PPE		65	22	9	-	-	-	-	-	-	-
Total Expenditure		230,481	259,378	283,240	259,285	285,932	285,932	285,932	317,183	332,665	357,478
Surplus/(Deficit)											
Transfers recognised - capital	6	9,502	(14,895)	(25,837)	4,842	80	80	80	1,025	4,812	4,331
Contributions recognised - capital		24,536	16,190	28,128	21,415	66,872	66,872	66,872	27,249	27,993	24,109
Contributed assets		-	-	-	-	-	-	-	-	-	-
		-	-	139	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		34,039	1,295	2,430	26,257	66,952	66,952	66,952	28,274	32,805	28,440
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		34,039	1,295	2,430	26,257	66,952	66,952	66,952	28,274	32,805	28,440
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		34,039	1,295	2,430	26,257	66,952	66,952	66,952	28,274	32,805	28,440
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		34,039	1,295	2,430	26,257	66,952	66,952	66,952	28,274	32,805	28,440

**Explanatory notes to Table A4 – Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R 318.2 million in 2015/16 and escalates to R 337.4 million by 2016/2017. This represents a year-on-year increase of 6 per cent for the 2015/16 financial year and an increase of 7.21 per cent for the 2016/17 financial year.
2. Revenue to be generated from property rates is R 141.0 million in the 2015/16 financial year and increases to R151.9 million by 2016/17. The increase in the market values of general valuation roll has led to an increase in total Revenue. The rate randage has decreased from 1.45c/R to 1.27c/R which resulted in a decrease of 12%.

The overall increase in Rates is 11%, 8% are rates that did not appear in the 2011 General Valuation Roll and the 3% is as a result of the new improvements on the existing properties.

<b>Total Value on the new properties</b>	<b>1,843,664,000.00</b>	<b>Additional valuation on new properties value</b>
<b>Average income on additional properties</b>	<b>20,324,705.57</b>	<b>estimated revenue on new properties added on 2015- GV Rand</b>
<b>GV IMPACT ON REVENUE</b>		
<b>GV Value</b>	<b>R 22,708,050,825.00</b>	<b>Total value excluding new properties</b>
<b>GV Percentage</b>	<b>8%</b>	<b>Valuation of new properties which were not on the old GV 2011 %</b>
<b>Normal Increase in existing properties</b>	<b>3%</b>	<b>new improvements on existing properties %</b>
<u><b>Conclusion</b></u>		
the increase of 11% is as result of the no:B45 and B46 above		

3. Services charges relating to electricity and refuse removal contributes to the revenue basket of the Municipality totalling R 73.4 million for the 2015/16 financial year and increasing to R 82.4 million by 2016/17. For the 2015/16 financial year services charges amount to 23.7 per cent of the total revenue base and increase to 24.4 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.  
The increase in refuse is 6% as per the inflation rate and the electricity has increased as per the NERSA.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
5. Bulk purchases have significantly increased over the 2015/16 to 2016/17 period escalating from R 74.8 million to R 80.4 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 15 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN222 uMngeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Planning Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Economic Development and Growth		-	-	-	-	-	-	-	-	-	-
Vote 8 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 9 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council		790	-	-	-	500	-	-	-	-	-
Vote 2 - Finance		816	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Planning Services		-	-	2,462	-	42,538	42,538	42,538	-	-	-
Vote 5 - Community Services		39	-	-	2,500	3,223	3,223	3,223	3,500	-	-
Vote 6 - Technical Services		19,072	26,858	30,098	20,515	20,723	20,723	20,723	18,749	22,993	24,109
Vote 7 - Economic Development and Growth		-	-	-	-	-	-	-	-	-	-
Vote 8 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 9 - Electricity		3,819	-	575	-	1,008	1,008	1,008	5,000	5,000	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>24,536</b>	<b>26,858</b>	<b>33,135</b>	<b>23,015</b>	<b>67,992</b>	<b>67,492</b>	<b>67,492</b>	<b>27,249</b>	<b>27,993</b>	<b>24,109</b>
<b>Total Capital Expenditure - Vote</b>		<b>24,536</b>	<b>26,858</b>	<b>33,135</b>	<b>23,015</b>	<b>67,992</b>	<b>67,492</b>	<b>67,492</b>	<b>27,249</b>	<b>27,993</b>	<b>24,109</b>
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		<b>1,606</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>
Executive and council		790	-	-	-	500	500	500	-	-	-
Budget and treasury office		816	-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>39</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>3,223</b>	<b>3,223</b>	<b>3,223</b>	<b>3,500</b>	<b>-</b>	<b>-</b>
Community and social services		39	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	2,500	3,223	3,223	3,223	3,500	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>6,243</b>	<b>26,858</b>	<b>31,532</b>	<b>18,915</b>	<b>62,841</b>	<b>62,841</b>	<b>62,841</b>	<b>18,749</b>	<b>22,993</b>	<b>24,109</b>
Planning and development		-	-	2,462	-	42,538	42,538	42,538	-	-	-
Road transport		6,243	26,858	29,070	18,915	20,103	20,103	20,103	18,749	22,993	24,109
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>3,819</b>	<b>-</b>	<b>1,603</b>	<b>1,600</b>	<b>1,628</b>	<b>1,628</b>	<b>1,628</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>
Electricity		3,819	-	575	-	1,008	1,008	1,008	5,000	5,000	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	1,028	1,600	620	620	620	-	-	-
<b>Other</b>		<b>12,829</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>24,536</b>	<b>26,858</b>	<b>33,135</b>	<b>23,015</b>	<b>67,992</b>	<b>67,992</b>	<b>67,992</b>	<b>27,249</b>	<b>27,993</b>	<b>24,109</b>
<b>Funded by:</b>											
National Government		21,157	24,364	18,912	21,415	21,840	21,840	21,840	27,249	27,993	24,109
Provincial Government		3,379	2,493	9,216	-	45,032	45,032	45,032	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>24,536</b>	<b>26,858</b>	<b>28,128</b>	<b>21,415</b>	<b>66,872</b>	<b>66,872</b>	<b>66,872</b>	<b>27,249</b>	<b>27,993</b>	<b>24,109</b>
Public contributions & donations	<b>5</b>	-	-	-	-	-	-	-	-	-	-
Borrowing	<b>6</b>	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	5,007	1,600	1,120	1,120	1,120	-	-	-
<b>Total Capital Funding</b>	<b>7</b>	<b>24,536</b>	<b>26,858</b>	<b>33,135</b>	<b>23,015</b>	<b>67,992</b>	<b>67,992</b>	<b>67,992</b>	<b>27,249</b>	<b>27,993</b>	<b>24,109</b>

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R 27.2 million for the 2015/16 financial year and increases over the MTREF at levels of R 28.0 million and R 24.1 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital grants only at this stage.

Table 16 MBRR Table A6 - Budgeted Financial Position

KZN222 uMngeni - Table A6 Budgeted Financial Position

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS												
Current assets												
Cash			209	216	8,676	7,594	9,358	9,356	9,356	1,716	4,845	6,901
Call investment deposits	1		2,415	14,849	29,798	39,906	8,747	8,747	8,747	25,210	26,872	28,219
Consumer debtors	1		40,771	35,688	32,515	81,384	81,384	81,384	81,384	78,129	73,441	67,566
Other debtors			2,516	1,299	9,362	-	-	-	-	-	-	-
Current portion of long-term receivables			51	29	-	-	-	-	-	-	-	-
Inventory	2		-	56,832	29,343	56,832	58,832	56,832	56,832	29,930	3,053	3,114
Total current assets			45,962	108,913	109,695	185,716	156,319	156,319	156,319	134,985	108,012	105,800
Non current assets												
Long-term receivables			-	-	-	-	-	-	-	-	-	-
Investments			-	-	-	-	-	-	-	-	-	-
Investment property			-	-	5,523	-	-	-	-	5,523	5,523	5,523
Investment in Associate			-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3		813,391	802,926	769,733	829,590	874,567	874,567	874,567	796,982	797,726	793,842
Agricultural			-	-	-	-	-	-	-	-	-	-
Biological			-	-	-	-	-	-	-	-	-	-
Intangible			41	117	135	118	118	118	118	138	139	139
Other non-current assets			-	2,871	5,333	-	-	-	-	-	-	-
Total non current assets			613,432	805,913	780,724	829,708	874,685	874,685	874,685	802,643	803,388	799,504
TOTAL ASSETS			659,394	914,826	890,418	1,015,424	1,031,004	1,031,004	1,031,004	937,628	911,399	905,304
LIABILITIES												
Current liabilities												
Bank overdraft	1		6,204	2,491	-	-	-	-	-	-	-	-
Borrowing	4		8,880	8,663	4,214	2,500	2,500	2,500	2,500	4,835	4,914	5,159
Consumer deposits			2,161	2,210	2,277	2,265	2,265	2,265	2,265	2,267	2,272	2,828
Trade and other payables	4		55,452	42,047	48,976	71	71	71	71	25,557	27,103	29,272
Provisions			-	1,069	1,229	-	-	-	-	-	-	-
Total current liabilities			72,697	54,480	56,696	4,835	4,835	4,835	4,835	32,459	34,289	37,259
Non current liabilities												
Borrowing			35,286	32,380	33,064	32,316	32,316	32,316	32,316	33,599	30,280	29,069
Provisions			31,024	39,343	38,271	4,835	4,835	4,835	4,835	5,072	5,356	5,624
Total non current liabilities			66,310	71,723	71,335	37,151	37,151	37,151	37,151	38,671	35,636	34,693
TOTAL LIABILITIES			139,007	126,204	128,031	41,986	41,986	41,986	41,986	71,131	69,925	71,952
NET ASSETS	5		520,387	788,622	762,387	973,438	989,018	989,018	989,018	866,497	841,474	833,352
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)			353,770	621,171	619,809	735,712	751,292	751,292	751,292	610,097	573,009	552,219
Reserves	4		166,617	167,451	142,579	237,726	237,726	237,726	237,726	256,400	268,465	281,133
Minorities' Interests			-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5		520,387	788,622	762,387	973,438	989,018	989,018	989,018	866,497	841,474	833,352

#### Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 61 is supported by an extensive table of notes (SA3 which can be found on page 100) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should

inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 17 MBRR Table A7 - Budgeted Cash Flow Statement**

KZN222 uMngeni - Table A7 Budgeted Cash Flows

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Property rates, penalties & collection charges			87,837	98,484	104,169	119,606	117,569	117,569	117,569	130,685	137,872	145,180
Service charges			55,118	53,135	51,944	54,975	57,646	57,646	57,646	63,867	71,644	80,381
Other revenue			96,971	58,151	50,904	20,938	24,817	24,817	24,817	27,601	27,283	28,729
Government - operating		1	36,208	42,208	50,677	47,314	48,458	48,458	48,458	51,426	53,231	56,817
Government - capital		1	22,051	24,364	28,128	21,415	51,998	51,998	51,998	27,249	27,993	24,109
Interest			1,285	6,890	3,524	900	1,081	1,081	1,081	3,112	3,283	3,457
Dividends						-	-	-	-	-	-	-
<b>Payments</b>												
Suppliers and employees			(274,391)	(246,789)	(215,949)	(234,916)	(241,752)	(241,752)	(241,752)	(261,787)	(278,614)	(298,760)
Finance charges			(5,982)	(5,992)	(4,297)	(4,499)	(4,499)	(4,499)	(4,499)	(4,760)	(5,022)	(5,288)
Transfers and Grants		1				-	-	-	-	(7,110)	(5,891)	(6,208)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>			<b>18,097</b>	<b>30,452</b>	<b>68,099</b>	<b>25,734</b>	<b>55,318</b>	<b>55,318</b>	<b>55,318</b>	<b>30,283</b>	<b>31,781</b>	<b>28,417</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors			-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			-	-	(14,949)	-	14,875	14,875	14,875	-	-	-
<b>Payments</b>												
Capital assets			(22,051)	(24,364)	(36,668)	(23,015)	(67,992)	(67,992)	(67,992)	(27,249)	(27,993)	(24,109)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>			<b>(22,051)</b>	<b>(24,364)</b>	<b>(51,617)</b>	<b>(23,015)</b>	<b>(53,117)</b>	<b>(53,117)</b>	<b>(53,117)</b>	<b>(27,249)</b>	<b>(27,993)</b>	<b>(24,109)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>Receipts</b>												
Short term loans			-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits			-	-	-	-	-	-	-	-	-	-
<b>Payments</b>												
Repayment of borrowing			(1,563)	(2,368)	(2,445)	(2,500)	(2,500)	(2,500)	(2,500)	(2,650)	(2,809)	(2,809)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>			<b>(1,563)</b>	<b>(2,368)</b>	<b>(2,445)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>(2,650)</b>	<b>(2,809)</b>	<b>(2,809)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>			<b>(5,518)</b>	<b>3,720</b>	<b>15,037</b>	<b>219</b>	<b>(299)</b>	<b>(299)</b>	<b>(299)</b>	<b>384</b>	<b>979</b>	<b>1,499</b>
Cash/cash equivalents at the year begin:		2	(477)	(5,995)	(2,275)	8,676	8,676	8,676	8,676	8,377	8,761	9,740
Cash/cash equivalents at the year end:		2	(5,995)	(2,275)	12,763	8,895	8,377	8,377	8,377	8,761	9,740	11,239

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2015/16 financial year provides for a net decrease in cash of R 7.0 million.
4. Cash and cash equivalents totals R 1,7 million positive as at the end of the 2015/16 financial year and increase to R 4.8 million by 2016/17.



**Table 18 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

KZN222 uMngeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	(5,995)	(2,275)	12,763	8,895	8,377	8,377	8,377	8,781	9,740	11,239
Other current investments > 90 days		2,415	14,849	25,711	38,605	9,728	9,726	9,726	18,165	21,778	23,881
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and Investments available:</b>		<b>(3,580)</b>	<b>12,574</b>	<b>38,474</b>	<b>47,500</b>	<b>18,103</b>	<b>18,103</b>	<b>18,103</b>	<b>26,926</b>	<b>31,517</b>	<b>35,120</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		13,662	12,814	17,831	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	18,425	8,728	9,395	(45,013)	(40,391)	(40,391)	(40,391)	(12,933)	(8,720)	(3,089)
Other provisions		-	-	-	5,556	5,556	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>32,087</b>	<b>21,543</b>	<b>27,226</b>	<b>(39,458)</b>	<b>(34,836)</b>	<b>(40,391)</b>	<b>(40,391)</b>	<b>(12,933)</b>	<b>(8,720)</b>	<b>(3,089)</b>
<b>Surplus(shortfall)</b>		<b>(35,667)</b>	<b>(8,968)</b>	<b>11,248</b>	<b>86,958</b>	<b>52,939</b>	<b>58,494</b>	<b>58,494</b>	<b>39,859</b>	<b>40,237</b>	<b>38,190</b>

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2015/16 MTREF was funded owing to the significant surplus.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 19 MBRR Table A9 - Asset Management

KZN222 uMngeni - Table A9 Asset Management

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE											
Total New Assets		1	10,062	26,858	28,128	23,012	67,492	67,492	27,249	27,993	24,109
Infrastructure - Road transport			6,243	26,858	25,091	18,912	20,103	20,103	18,749	22,993	24,109
Infrastructure - Electricity			3,819	-	575	-	1,008	1,008	5,000	5,000	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			10,062	26,858	25,666	18,912	21,111	21,111	23,749	27,993	24,109
Community			-	-	-	2,500	3,223	3,223	3,500	-	-
Heritage assets			-	-	2,462	-	42,538	42,538	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	-	-	-	1,600	620	620	-	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets		2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport			-	-	-	-	-	-	-	-	-
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	-	-	-	-	-	-	-
Community			-	-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	-	-	-	-	-	-	-	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Total Capital Expenditure		4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport			6,243	26,858	25,091	18,912	20,103	20,103	18,749	22,993	24,109
Infrastructure - Electricity			3,819	-	575	-	1,008	1,008	5,000	5,000	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			10,062	26,858	25,666	18,912	21,111	21,111	23,749	27,993	24,109
Community			-	-	-	2,500	3,223	3,223	3,500	-	-
Heritage assets			-	-	2,462	-	42,538	42,538	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets			-	-	-	1,600	620	620	-	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		2	10,062	26,858	28,128	23,012	67,492	67,492	27,249	27,993	24,109
ASSET REGISTER SUMMARY - PPE (WDV)											
Infrastructure - Road transport		5	-	476,360	481,935	26,007	26,007	26,007	18,749	22,993	24,109
Infrastructure - Electricity			-	57,587	54,673	-	-	-	5,000	5,000	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			-	533,947	536,608	26,007	26,007	26,007	23,749	27,993	24,109
Community			-	-	-	8,260	8,260	10,618	13,118	13,118	13,118
Heritage assets			-	-	5,333	-	-	-	45,032	45,032	45,032
Investment properties			-	-	5,523	-	-	-	5,523	5,523	5,523
Other assets			-	237,531	222,134	-	-	-	715,083	711,583	711,583
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles		41	117	135	135	118	118	118	138	139	139
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	41	771,595	769,733	34,385	34,385	36,743	602,643	603,388	709,504
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment			12,710	58,185	37,604	10,675	10,675	10,675	11,232	11,850	12,478
Repairs and Maintenance by Asset Class		3	3,558	4,932	6,333	22,902	19,797	19,797	24,741	25,102	26,392
Infrastructure - Road transport			-	-	-	9,972	9,972	9,972	9,125	9,627	10,137
Infrastructure - Electricity			-	-	-	4,564	4,564	4,564	5,574	5,880	6,192
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	-	14,536	14,536	14,536	14,699	15,508	16,329
Community			3,558	4,932	6,333	8,365	5,261	5,261	10,042	9,594	10,063
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6, 7	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS			16,268	63,117	43,937	33,577	30,472	30,472	35,973	36,952	38,870
Renewal of Existing Assets as % of total capex			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE			0.6%	0.6%	0.8%	2.8%	2.3%	2.3%	3.1%	3.1%	3.3%
Renewal and R&M as a % of PPE			8679.0%	1.0%	1.0%	67.0%	58.0%	54.0%	3.0%	3.0%	3.0%

## Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE, however uMngeni is unable to comply with the above due to cash limitations.

Table 20 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		16,707	18,211	19,667	21,044	21,044	21,044	22,307	23,422	24,359
Flush toilet (with septic tank)		5,977	6,515	7,036	7,529	7,529	7,529	7,980	8,379	8,715
Chemical toilet		200	218	235	252	252	252	267	280	292
Pit toilet (ventilated)		925	1,008	1,089	1,165	1,165	1,165	1,235	1,297	1,349
Other toilet provisions (> min.service level)		5,100	1,530	765	61	61	61	-	-	-
Minimum Service Level and Above sub-total		28,909	27,482	28,792	30,051	30,051	30,051	31,789	33,378	34,715
Bucket toilet		279	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		279	-	-	-	-	-	-	-	-
Total number of households	5	29,188	27,482	28,792	30,051	30,051	30,051	31,789	33,378	34,715
<b>Energy:</b>										
Electricity (at least min.service level)		5,000	-	-	-	4,800	-	4,800	4,800	4,800
Electricity - prepaid (min.service level)		7,000	-	-	-	9,000	-	9,000	9,000	9,000
Minimum Service Level and Above sub-total		12,000	-	-	-	13,800	-	13,800	13,800	13,800
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	12,000	-	-	-	13,800	-	13,800	13,800	13,800
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		18,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		18,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Total number of households	5	18,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
<b>Households receiving Free Basic Service</b>										
Water (6 kilolitres per household per month)	7	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		7,000	7,000	7,000	9,000	9,000	9,000	9,000	9,000	9,000
Refuse (removed at least once a week)		13,000	13,000	13,000	9,000	9,000	9,000	9,000	9,000	9,000
<b>Cost of Free Basic Services provided (R'000)</b>										
Water (6 kilolitres per household per month)	8	-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided (minimum social package)		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		100	100	100	100	100	100	100	100	100
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of free services provided (R'000)</b>										
Property rates (R15 000 threshold rebates)	9	55,596	58,932	45,734	43,800	43,800	43,800	46,428	48,935	51,578
Property rates (other exemptions, reductions and rebates)		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Electricity/other energy		-	4,141	5,620	2,510	2,510	2,510	2,884	3,086	3,302
Refuse		-	2,455	5,639	4,356	4,356	4,356	4,587	4,909	5,252
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	6	55,596	65,528	56,992	50,666	50,666	50,666	53,900	56,930	60,132

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
  - a. Electricity services – backlog has been reduced. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised, with all households in rural areas budgeted to be electrified in 2015/16.
  - b. Refuse services – It should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for 9000 households to be registered as indigent in 2015/16, and therefore entitled to receiving Free Basic Services. The number is set to increase to 3500 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.

## **Part 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **2.1.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2013. Key dates applicable to the process were:

- **01 August 2014** – Joint strategic planning session of the Budget Steering Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2015/16 MTREF;
- **06-31 November 2014** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **15 January 2015** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **26 January 2015** – Multi-year budget proposals are submitted to the Mayor for endorsement;
- **27 January 2015** - Council considers the 2014/15 Mid-year Review and Adjustments Budget;
- **9 March 2015** - Recommendations of the Mayor are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2015/16 MTREF is revised accordingly;
- **26 March 2015** - Tabling in Council of the draft 2015/16 IDP and 2015/16 MTREF for public consultation;
- **April 2015** – Public consultation;
- **30 April 2015** - Closing date for written comments;
- **9 May 2015** – finalisation of the 2015/16 IDP and 2015/16 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Act and financial framework;
- **27 May 2015** – Consider approval in terms of section 24(1) of the MFMA, and
- **30 May 2015** - Tabling of the 2015/16 MTREF before Council for approval.

#### **2.1.2 IDP and Service Delivery and Budget Implementation Plan**

An IDP document has been compiled and it started in July 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2015/16 MTREF in July.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for

implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance plan
- Economic climate and trends (i.e. Inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2014/15 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 66, 67 and 75 have been taken into consideration in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The 2015/16 MTREF will be tabled before Council on 31 March 2015 for community consultation and will be published on the municipality's website, hard copies will be made available at municipal offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees will be utilised to facilitate the community consultation process starting in April 2015. The dates of these meetings will be advertised in the local media.

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## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- KZN Provincial Growth and Development Strategy (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Spatial Development Perspective (NSDP) and
- 14 Government Outcomes
- Back to Basics
- 2030 National Development Plan
- National Infrastructure Plan
- Operation Clean Audit
- Millennium Development Goals.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 21 IDP Strategic Objectives

KEY PERFORMANCE AREA	IDP GOAL	STRATEGIC OBJECTIVES
Municipal Transformation and Institutional Development	1. Human resource development and management	<ul style="list-style-type: none"> <li>Good labour relations</li> <li>Effective implementation of the employment equity plan</li> <li>Implementation of the Work Place Skills Plan</li> <li>Development and implementation of a succession plan</li> <li>Development and implementation of a retention strategy</li> <li>Youth career guidance services</li> </ul>
Good Governance and Public Participation	2. Good corporate governance	<ul style="list-style-type: none"> <li>Effective information communication and technology solutions</li> <li>Lowest forcentage which includes by-laws and traffic laws</li> <li>Strengthened oversight functions</li> <li>Active community structure</li> </ul>
Local Economic Development	3. Sustainable socio-economic development	<ul style="list-style-type: none"> <li>Maintenance of roads and storm water infrastructure</li> <li>Construction and extension of electricity network for businesses</li> <li>Stimulation of economic growth for job opportunities and investment</li> <li>Enhance tourism development</li> <li>Provision of support to the business sector</li> <li>Coordination of agricultural development</li> <li>Social Development Programmes</li> </ul>



Basic Service Delivery	4. Promote human settlements and infrastructure development	<ul style="list-style-type: none"> <li>Provision and management of sustainable housing</li> <li>Construction of roads and stormwater infrastructure</li> <li>Construction and extension of electricity network to all household</li> <li>Provision and management of cemeteries</li> <li>Comprehensive waste management</li> <li>Management of all public open spaces, including parks and gardens</li> </ul>
Municipal Financial Viability and Financial Management	5. Financially sound and sustainable municipality	<ul style="list-style-type: none"> <li>Increased revenue collection and ensure that all municipal revenue is accounted for</li> <li>Effective budget preparation and implementation</li> <li>Effective, efficient and transparent procurement of goods and services</li> </ul>
Cross Cutting	6. Spatial planning and environmental sustainability	<ul style="list-style-type: none"> <li>Integrated development and spatial planning</li> </ul>

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the 2015/16 revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and

- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2015/16 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 22 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

KZN222 uMngeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Revenue				239,984	244,483	257,403	264,126	286,012	286,012			
	Human resources resource development and management									881	929	978
	Good corporate governance									184,039	194,349	204,981
	Sustainable socio-economic development									51,507	53,834	56,637
	Promote human settlements and infrastructure development									74,543	82,902	93,469
	Financial sound and sustainable municipality									7,207	4,682	4,930
	Spatial planning and environmental sustainability									731	772	812
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	239,984	244,483	257,403	264,126	286,012	286,012	318,908	337,478	361,807

**Table 23 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

**Table 24 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

KZN222 uMngeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Capital works		A		24,536	16,190	28,128	21,415	66,872	66,872	27,249	27,993	24,109
		B										
		C										
		D										
		E										
		F										
		G										
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	24,536	16,190	28,128	21,415	66,872	66,872	27,249	27,993	24,109

### 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

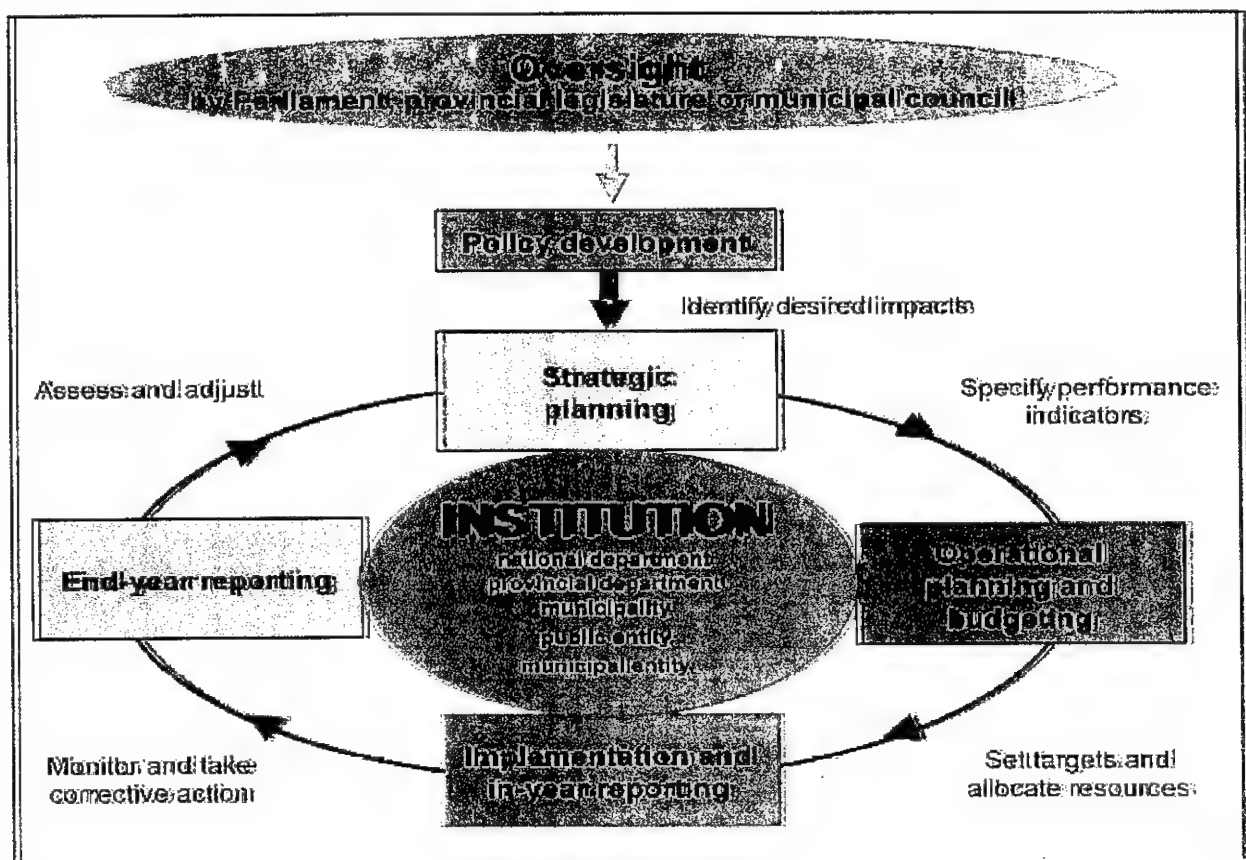


Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the *Framework of Managing Programme Performance Information* issued by the National Treasury:

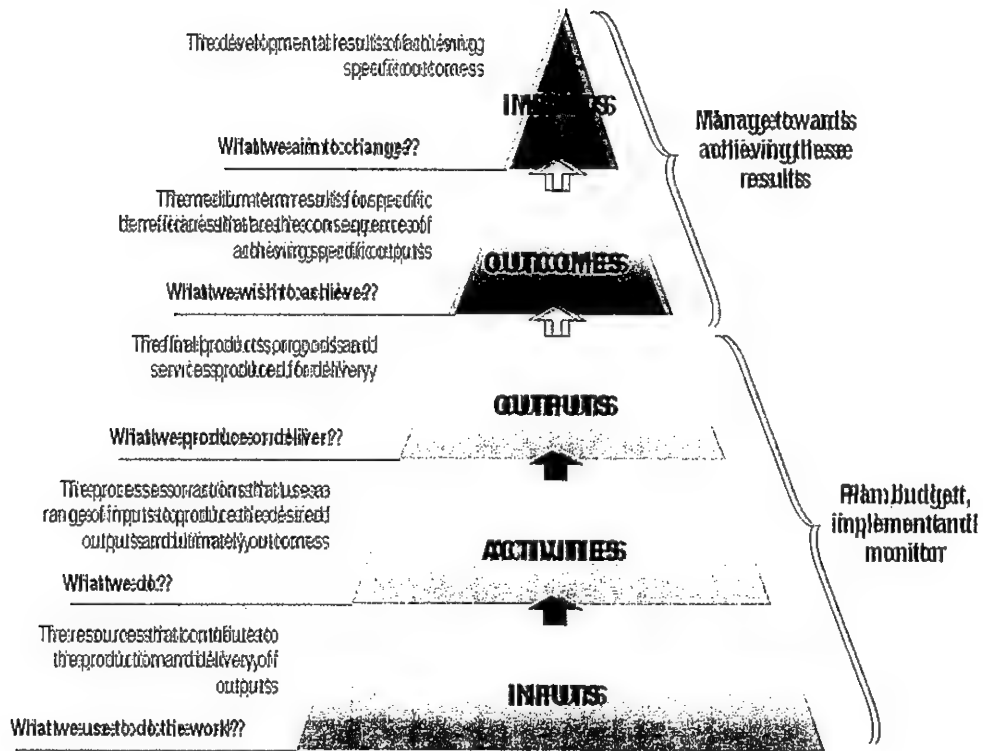


Table 25 MBRR Table SA7 - Measurable performance objectives

KZN222 uMngeni - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Vote 1: - vote name:	2									
Function 1 - (name):										
Sub-function 1 - (name):										
Insert measure/s description										
Sub-function 2 - (name):										
Insert measure/s description										
Sub-function 3 - (name):										
Insert measure/s description										
Function 2 - (name):										
Sub-function 1 - (name):										
Insert measure/s description										
Sub-function 2 - (name):										
Insert measure/s description										
Sub-function 3 - (name):										
Insert measure/s description										
Vote 2: - vote name:										
Function 1 - (name):										
Sub-function 1 - (name):										
Insert measure/s description										
Sub-function 2 - (name):										
Insert measure/s description										
Sub-function 3 - (name):										
Insert measure/s description										
Function 2 - (name):										
Sub-function 1 - (name):										
Insert measure/s description										
Sub-function 2 - (name):										
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Sub-function 3 - (name):										
Insert measure/s description										
Vote 3 - vote name:										
Function 1 - (name):										
Sub-function 1 - (name):										
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Sub-function 2 - (name):										
Insert measure/s description										
Sub-function 3 - (name):										
Insert measure/s description										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTREF.

Table 26 MBRR Table SA8 - Performance indicators and benchmarks

KZN222 uMngeni - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u><b>Borrowing Management</b></u>											
Credit Rating		94%	94%	92%	90%	85%	85%	85%			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.3%	3.2%	2.4%	2.7%	2.4%	2.4%	2.4%	2.3%	2.4%	2.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.2%	4.1%	3.2%	3.2%	2.9%	2.9%	2.9%	2.8%	2.8%	2.7%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u><b>Safety of Capital</b></u>											
Gearing	Long Term Borrowing/ Funds & Reserves	21.2%	19.3%	23.2%	13.6%	13.6%	13.6%	13.6%	13.1%	11.3%	10.3%
<u><b>Liquidity</b></u>											
Current Ratio	Current assets/current liabilities	0.6	2.0	1.9	38.4	32.3	32.3	32.3	4.2	3.2	2.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.6	2.0	1.9	38.4	32.3	32.3	32.3	4.2	3.2	2.8
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.3	0.7	9.8	3.7	3.7	3.7	0.8	0.9	0.9
<u><b>Revenue Management</b></u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		48.1%	48.9%	52.2%	55.4%	49.7%	49.7%	49.7%	49.3%	47.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		48.1%	48.9%	52.2%	55.4%	49.7%	49.7%	49.7%	49.3%	47.7%	46.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	18.1%	15.1%	16.3%	30.8%	28.5%	28.5%	28.5%	24.6%	21.8%	18.7%





iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(0.4)	(0.2)	0.5	0.4	0.4	0.4	0.5	0.6
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### 2.3.1 Performance indicators and benchmarks

#### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, uMngeni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2015/16 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily decreased from 1.57 per cent in 2014/2015 to 1.53 per cent in 2015/16. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is nil per cent.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2015/16 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

#### 2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement) on page 35.

#### 2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following budget-related policies have been approved by Council, or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation.

2.4.1	Budget Policy
2.4.2	Supply Chain Management Policy
2.4.3.	Rates Policy
2.4.4	Tariff Policy
2.4.5	Credit Control & Debt Collection Policy
2.4.6	Subsistence & Travel Policy
2.4.7	Leave Policy
2.4.8	Human Resources Training & Development Policy.
2.4.9	Virement Policy
2.4.10	Funding and Reserves Policy
2.4.11	Cash Management and Investment Policy
2.4.12	Overtime Policy
2.4.13	Organisational Performance Management Policy
2.4.14	Social Housing Policy
2.4.15	Asset Management Policy
2.4.16	Travel Allowance Policy

The promulgation of the Municipal Budget and Reporting Regulations in Government Gazette No. 32141 dated 17 April 2009 is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirement for insuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes of those institutions and other relevant matters as required by the MFMA.

These regulations are effective for all Municipalities from 1 July 2010 and the budget has been compiled accordingly to be in full compliance from 1 July 2010.

In terms of section 7 of these regulations the Municipal Manager must prepare, or take all reasonable steps to ensure the preparation of the budget-related policies of the municipality, or any amendments to such policies, in accordance with the legislation applicable to those policies for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21(1)(b) of the Act.

#### **2.4.1 BUDGET POLICY**

The budget policy is there to assist Mayors, Councillors, Accounting Officers and Senior Managers in dealing with the changes brought about by the Municipal Finance Management Act No 56 of 2003. This policy provides a framework within which Senior Management can compile, control and review budgets of their respective departments to ensure effective financial management.

#### **2.4.2 SUPPLY CHAIN MANAGEMENT POLICY**

Municipalities are required in terms of section 111 of the MFMA to have a supply chain management policy.

This policy is within the framework of the relevant legislation and regulations. The policy ascribes to the following principles:

- a. A procurement system which is fair, equitable, transparent, competitive and cost-effective in terms of section 217 of the Constitution of South Africa No. 108 of 1996
- b. As enshrined in Chapter 11 of the Municipal Finance Management Act and its regulations
- c. Best practices in supply chain management
- d. Uniformity in supply chain management systems between organs of state in all spheres
- e. Broad Based Black Economic Empowerment

#### **2.4.3 RATES POLICY**

Section 5(1) of the Municipal Property Rates Act, No. 6 of 2004 states that a municipal council must annually review, and if necessary, amend its rates policy. Any amendments must accompany the municipality's annual budget when it is tabled in the Council. The policy is designed to ensure equitable treatment by Council in the levying of rates on property owners, including owners under sectional title, as well as other persons who may become liable for the payment of rates.

#### **2.4.4 TARIFF POLICY**

The Municipal Systems Act, No 32 of 2000, requires a municipality to have a tariff determination policy. The challenge in setting tariffs lies in striking a balance between maintaining financial sustainability of the relevant departments (and so the sustainability of service provision) and ensuring affordability of those services by consumers. The municipality's tariff policy provides a broad framework where the Council can determine fair, transparent and affordable service charges that also promote sustainability of service provision. The policy is based on principles that address the social, economic and financial imperatives that the process of tariff setting should take account of.

#### **2.4.5 CREDIT CONTROL & DEBT COLLECTION POLICY**

The municipality's credit control and debt collection policy provides the procedures and mechanisms for credit control and for the collection of debts. The primary objective of this policy is to ensure that all monies due and payable to the municipality in respect of rates, fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the foregoing and any collection charges are collected efficiently and promptly.

#### **2.4.6 SUBSISTENCE AND TRAVEL POLICY**

The purpose of this policy is to determine guidelines for Councillors and officials for the payment of travelling and subsistence allowances when performing official functions on behalf of the Municipality.

#### **2.4.7 LEAVE POLICY**

The leave policy for uMngeni Municipality was adopted by Council in January

2009 and the goal is to ensure that the services rendered by this municipality to the community are efficient, effective and uninterrupted.

The objections are as follows:

- (i) Ensure continuity in operational requirements of the organisation while other employees are on leave.
- (ii) To develop a better understanding regarding leave policy and procedure.
- (iii) Ensure the development of clearly written administrative policy and procedure.
- (iv) To ensure proper and accurate record keeping.
- (v) To ensure that the private and confidential information is maintained.
- (vi) Ensure that leave policy respond effectively to crisis and emergency situations.

#### **2.4.8 HUMAN RESOURCE TRAINING AND DEVELOPMENT POLICY**

This policy deals with the process whereby people acquire the necessary knowledge and skills to perform delegated tasks. The objective is to ensure that the municipality is served by professional, competent, and productive employees who will have, through continuous improvement in skills and attitude facilitated by the Training Division, distinguish themselves of being capable of delivering high quality services to all people in an endeavour to achieve the municipal strategic objectives.

#### **2.4.9 VIREMENT POLICY**

This policy's objective is to allow flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

#### **2.4.10 FUNDING AND RESERVES POLICY**

The funding and reserves policy is aimed at ensuring that the municipality procures sufficient and cost effective funding in order to achieve its capital expenditure objectives in an optimum manner. The policy is adhered to in the procurement of funding for the municipality having due regard to the assets and liability maturity profile of the municipality.

#### **2.4.11 CASH MANAGEMENT AND INVESTMENT POLICY**

Section 13(2) of the MFMA requires that a municipality have a policy dealing with cash management and investment. The municipality's cash management and investment policy is developed within the framework of the MFMA.

#### **2.4.12 OVERTIME POLICY**

This policy is to ensure that a clear policy guideline is established for all employees of the municipality for working overtime and performing standby duties.

#### **2.4.13 ORGANISATIONAL PERFORMANCE MANAGEMENT POLICY**

The Performance Management System (PMS) is aimed at:

Providing Guidelines on the effective implementation and maintenance of a single and uniform performance management process within uMngeni Municipality;

Ensuring that every employee's output is optimized in terms of quality and quantity, thereby improving uMngeni Municipality's overall performance and service delivery;

Ensuring that individual employee performance is evaluated fairly and objectively;

Ensuring that categories of performance that exceed expectations are recognized, and;

Also ensuring that categories of performance that do not meet expectations are managed.

#### **2.4.14 SOCIAL HOUSING POLICY**

The objectives of this Social Housing Policy for uMngeni Municipality are as follows;

To address the housing backlog in the uMngeni municipal area

To ensure that housing beneficiaries are given a choice in respect of the housing types that will suite their life styles and requirements

To facilitate the development and rejuvenation of the town of Howick through social housing development

uMngeni Municipality also intends to facilitate the institution of a Social Housing Company that will be responsible for driving and championing social housing projects within the Municipal area through the social housing policy

This policy seeks to address the imbalances of the past which were a result of the promulgation of policies under the apartheid regime that granted specifically located land for racial segregation as such policies were also determining the urban landscape.

The acceptance of this policy by uMngeni Municipality's EXCO will enable the Municipality and other role-players in the social housing sector to work co-operatively towards improving and upgrading the municipal infrastructure in the identified restructuring zones so that new social housing projects have easy access to services as per Chapter 2, section 5 (iii) of the Social Housing Policy, 2006.

To ensure access to funding for social housing development is not interrupted by a lack of policy framework within the municipal structure/municipality

The policy is intended to create an enabling environment for the Municipality to enter into performance agreements with social housing institutions that will be responsible for the overall management of social housing stock within uMngeni Municipality

All the above policies are available at the Municipal Offices in Howick, Hilton, Mpophomeni and Howick West, all the libraries in Howick, Howick West, Hilton and Mpophomeni as well as on the municipality's website [www.umngeni.gov.za](http://www.umngeni.gov.za).

#### **2.4.15 ASSET MANAGEMENT POLICY**

The objectives of this policy are:

- To ensure the effectiveness and efficient control, utilisation, safeguarding and strategic property management of municipality's immovable property (property, plant and equipment).
- To ensure asset managers (property managers) are aware of their responsibilities with regards to property, plant and equipment.
- To set out standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against inappropriate loss or utilisation.
- To specify the process required before expenditure on property, plant equipment occurs.
- To emphasize a culture of transparency and accountability over assets.
- To ensure compliance with all legislative, policies, by laws and accounting prescriptions and requirements.

#### **2.4.16 Travel Allowance Policy**

- The objectives of the scheme are to provide for the following:
  - Uniform guidelines, conditions and limitations in terms of which the scheme be run in order to restrict differences.
- To compensate employees in a fair and reasonable manner for the utilization of private travel in the execution of official duties.

## 2.5 Overview of budget assumptions

### 2.5.1 External factors

The 2015 Budget Review notes that the global economic outlook has weakened and the pattern of slow growth is likely to persist, with consequences for all developing economies. South Africa's gross domestic product (GDP) forecast for 2015 has also been revised down. The National Treasury projects GDP growth of 2 per cent in 2015, rising to 3 per cent by 2017. Average growth over the forecast period is 0.4 percentage lower than at the time of the 2014 Medium Term Budget Policy Statement.

Fiscal constraints mean that transfers to municipalities will grow more slowly in the period ahead than they have in the past. Municipalities must renew their focus on core service delivery functions and reduce costs without adversely affecting basic services.

The state of the economy has an adverse effect on the consumers. As a result municipalities' revenues and cash flows are expected to remain under pressure. Furthermore municipalities should carefully consider affordability of tariff increases, especially as it relates to domestic consumers while considering the level of services versus the associated cost.

### 2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2015/16 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs norm should be between 25% and 40% of total operating expenditure in the 2015/16 MTREF.

### 2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2015/16 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2015/16 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

### 2.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (87 per cent) of annual billings. Cash flow is assumed to be 87 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### 2.5.5 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

### 2.5.6 Salary increases

No agreement reached between the employer and employees in terms of salary increases for the 2015/16 financial year. At the meantime Circular No.74 was used as per National Treasury's guideline to determine salary increases.

### 2.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### 2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 85 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.

### 2.6 Overview of budget funding

#### 2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:



Table 27 Breakdown of the operating revenue over the medium-term

Description	2015/16 Medium Term Revenue & Expenditure Framework					
	Budget Year 2014/15	%	Budget Year 2015/16	%	Budget Year 2016/17	Budget Year 2017/18
<b>Revenue By Source</b>						
Property rates	127,390,080.00	45%	141,136,471.20	44%	151,888,007.78	159,938,072.19
Property rates – penalties & collection charges	6,000,000.00	2%	6,242,663.30	2%	6,586,009.78	6,935,068.30
Service charges – electricity revenue	60,499,742.00	21%	68,177,158.92	21%	76,828,840.06	86,578,420.43
Service charges – refuse revenue	4,946,015.00	2%	5,232,882.76	2%	5,520,690.74	5,813,287.85
Rental of facilities and equipment	674,840.00	0%	675,021.45	0%	712,147.63	749,891.46
Interest earned – external investments	1,080,000.00	0%	1,512,611.60	0%	1,595,805.23	1,680,382.91
Interest earned – outstanding debtors	1,727,885.00	1%	1,838,495.80	1%	1,939,613.07	2,042,412.56
Fines	26,028,762.00	9%	30,371,634.98	10%	29,053,043.63	30,592,854.95
Licences and permits	2,292,525.00	1%	2,425,491.45	1%	2,558,893.48	2,694,514.83
Transfers recognised – operational	48,547,862.00	17%	51,426,000.00	16%	53,231,000.00	56,817,000.00
Other revenue	6,907,972.00	2%	9,169,458.41	3%	7,563,779.35	7,964,668.64
<b>NET OPERATING INCOME</b>	<b>286,101,683.00</b>	<b>100%</b>	<b>318,207,889.88</b>	<b>100.00%</b>	<b>337,477,830.76</b>	<b>361,806,564.12</b>

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, solid waste removal, property rates, operating grants from organs of state and other minor charges (such as building plan fees, licenses, fines, hall hires and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 85 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA) including the Amendment Act, and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2015/16 MTREF on the different revenue categories are:

**Table 28 Proposed tariff increases over the medium-term**

Revenue	2014/2015 Proposed Tariffs	2015/2016 proposed Tariffs	2016/2017 Proposed Tariffs	2014/2015 Additional Revenue each % tariff increase	2015/2016 Additional Revenue owing to % tariff increase	2016/2017 Additional Revenue owing to % tariff increase
	%	%	%	R'000	R'000	R'000
Property Rates	6	-12.4	6	6.00	5.300	5.600
Solid Waste	6	6	6	5.00	5.250	5.500
Electricity	7.39	12.2	12.2	6.500	7.300	8.200
<b>TOTAL</b>				<b>R 17.50</b>	<b>R 17.85</b>	<b>R 19.30</b>

Revenue to be generated from property rates is R 143.9 million in the 2015/16 financial year and increases to R151.9 million by 2016/17 which represents 5.6 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term.

There are still outstanding objections and appeals in terms of the General Valuation Roll. The outcome of this initiative will be closely monitored and reported on a regular basis.

Services charges relating to electricity and refuse removal constitutes the second biggest component of the revenue basket of the Municipality totalling R 73.4 million for the 2015/16 financial year and increasing to R 82.4 million by 2016/2017. For the 2015/16 financial year services charges amount to 23,3 per cent of the total revenue base and increases to 24,4 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Operational grants and subsidies amount to R 51.4 million, R53.2 million and R 56.8 million for each of the respective financial years of the MTREF.

It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 29 MBRR SA15 – Detail Investment Information

Investment type	Ref	2010/11		2011/12		2012/13		Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>													
<b>Parent municipality</b>													
Securities - National Government													
Listed Corporate Bonds													
Deposits - Bank													
Deposits - Public Investment Commissioners													
Deposits - Corporation for Public Deposits													
Bankers Acceptance Certificates													
Negotiable Certificates of Deposit - Banks													
Guaranteed Endowment Policies (sinking)													
Repurchase Agreements - Banks													
Municipal Bonds													
<b>Municipality sub-total</b>	1	3,208		-		-		21,694	37,648	37,648	39,906	42,301	44,839
<b>Entities</b>													
Securities - National Government													
Listed Corporate Bonds													
Deposits - Bank													
Deposits - Public Investment Commissioners													
Deposits - Corporation for Public Deposits													
Bankers Acceptance Certificates													
Negotiable Certificates of Deposit - Banks													
Guaranteed Endowment Policies (sinking)													
Repurchase Agreements - Banks													
<b>Entities sub-total</b>		-		-		-		-	-	-	-	-	-
<b>Consolidated total:</b>		3,208		-		-		21,694	37,648	37,648	39,906	42,301	44,839





Table 32 MBRR Table SA 17 - Detail of borrowings

## KZN222 uMngeni - Supporting Table SA17 Borrowing

Borrowing - Categoricalised by type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
					Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>										
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	40,332	37,964	31,672	34,816	34,816	34,816	33,599	30,280	29,069
<b>Entities</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	40,332	37,964	31,672	34,816	34,816	34,816	33,599	30,280	29,069

Where necessary internal funds will be utilised to fund capital projects which consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below.

Table 33 MBRR Table SA 18 – Operating and Capital transfers and grant receipts

KZN222 uMngeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12			2012/13			2013/14			Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18				
RECEIPTS:	1, 2																
Operating Transfers and Grants																	
National Government:		32,166	38,897	43,831	39,769	40,528	40,528	40,528	40,528	40,528	44,100	45,222	48,317				
Local Government Equitable Share		30,559	29,961	37,208	36,235	36,235	36,235	36,235	36,235	36,235	40,132	42,640	45,584				
Municipal Systems Improvement		790	342	966	934	1,315	1,315	1,315	1,315	1,315	930	957	1,033				
Finance Management		817	2,232	2,673	1,600	1,977	1,977	1,977	1,977	1,977	1,600	1,625	1,700				
EPWP Incentive			1,021	2,984	1,000	1,000	1,000	1,000	1,000	1,000	1,438	-	-				
Other transfers/grants [insert description]		-	5,341														
Provincial Government:		978	1,701	4,434	7,545	7,930	7,930	7,930	7,930	7,930	7,326	8,009	8,500				
Library		850	1,562	2,672	2,752	2,752	2,752	2,752	2,752	2,752	2,760	3,134	3,291				
Museum		125	134	284	799	651	651	651	651	651	166	175	184				
Data cleansing			5	1,320	-	175	175	175	175	175	-	-					
Other transfers and grants [MAP]		3		158	-	358	358	358	358	358	-	-					
Special Support Councillors Remuneration		-	-		3,994	3,994	3,994	3,994	3,994	3,994	4,400	4,700	5,025				
District Municipality:		-	-	-	-	-	-	-	-	-	-	-	-				
[insert description]																	
Other grant providers:		-	-	-	-	-	-	-	-	-	-	-	-				

Total Operating Transfers and Grants	5	33,144	40,598	48,265	47,314	48,458	51,426	53,231	56,817
<b>Capital Transfers and Grants</b>									
National Government:		14,538	24,364	19,487	21,415	21,840	27,249	27,993	24,109
Municipal Infrastructure Grant (MIG)		11,977	24,364	18,912	21,415	21,415	22,249	22,993	24,109
Dept. of Energy- NATIONAL GRANT		2,562		575	-	425	5,000	5,000	-
Other capital transfers/grants [insert desc]		-							
Provincial Government:		9,577	2,409	8,641	-	42,538	-	-	-
Mandela Capture Phase 1 and corridor		9,577	2,409	8,641	-	42,538	-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-
Massification and Cedara College- PROVINCIAL GRANT		-	-	-	-	2,494	-	-	-
Museum		-	-	-	-	2,494	-	-	-
Total Capital Transfers and Grants	5	24,115	26,774	28,128	21,415	66,872	27,249	27,993	24,109
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		57,259	67,372	76,393	68,729	115,330	78,675	81,224	80,926

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandably for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).



Table 34 MBRR Table A7 - Budget cash flow statement

KZN222 uMngeni - Table A7 Budgeted Cash Flows

Description	Ref	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework					
		2011/12	2012/13	2013/14	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand		Audited Outcome	Audited Outcome	Audited Outcome							
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		87,837	98,484	104,169	119,606	117,569	117,569	117,569	130,685	137,872	145,180
Service charges		55,118	53,135	51,944	54,975	57,646	57,646	57,646	63,867	71,644	80,381
Other revenue		96,971	58,151	50,904	20,938	24,817	24,817	24,817	27,601	27,283	28,729
Government - operating	1	35,208	42,208	50,677	47,314	48,458	48,458	48,458	51,426	53,231	56,817
Government - capital	1	22,051	24,364	28,128	21,415	51,998	51,998	51,998	27,249	27,993	24,109
Interest		1,285	6,890	3,524	900	1,081	1,081	1,081	3,112	3,283	3,457
Dividends					-	-	-	-	-	-	-
Payments											
Suppliers and employees		(274,391)	(246,789)	(215,949)	(234,916)	(241,752)	(241,752)	(241,752)	(261,787)	(278,614)	(298,760)
Finance charges		(5,982)	(5,992)	(4,297)	(4,499)	(4,499)	(4,499)	(4,499)	(4,760)	(5,022)	(5,288)
Transfers and Grants	1				-	-	-	-	(7,110)	(5,891)	(6,208)
NET CASH FROM/(USED) OPERATING ACTIVITIES		18,097	30,452	69,099	25,734	55,318	55,318	55,318	30,283	31,781	28,417
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	(14,949)	-	14,875	14,875	14,875	-	-	-
Payments											
Capital assets		(22,051)	(24,364)	(36,668)	(23,015)	(67,992)	(67,992)	(67,992)	(27,249)	(27,993)	(24,109)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(22,051)	(24,364)	(51,617)	(23,015)	(53,117)	(53,117)	(53,117)	(27,249)	(27,993)	(24,109)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(1,563)	(2,368)	(2,445)	(2,500)	(2,500)	(2,500)	(2,500)	(2,650)	(2,809)	(2,809)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1,563)	(2,368)	(2,445)	(2,500)	(2,500)	(2,500)	(2,500)	(2,650)	(2,809)	(2,809)
NET INCREASE/ (DECREASE) IN CASH HELD		(5,518)	3,720	15,037	219	(299)	(299)	(299)	384	979	1,499
Cash/cash equivalents at the year begin:	2	(477)	(5,995)	(2,275)	8,676	8,676	8,676	8,676	8,377	8,761	9,740
Cash/cash equivalents at the year end:	2	(5,995)	(2,275)	12,763	8,895	8,377	8,377	8,377	8,761	9,740	11,239

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2010/2011 and 2014/15 financial year moving from a negative cash balance of R477 million to a surplus of R 1,1 million with the approved 2014/15 MTREF. With the 2014/15 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality.

#### 2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN222 uMngeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12		2012/13		2013/14		Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome		Audited Outcome		Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
<b>Cash and investments available</b>															
Cash/cash equivalents at the year end	1	(5,995)		(2,275)		12,763		8,895	8,377	8,377	8,377	8,761	9,740	11,239	
Other current investments > 90 day s		2,415		14,849		25,711		38,605	9,726	9,726	9,726	18,165	21,778	23,881	
Non current assets - Investments	1	-		-		-		-	-	-	-	-	-	-	
<b>Cash and investments available:</b>		<b>(3,580)</b>		<b>12,574</b>		<b>38,474</b>		<b>47,500</b>	<b>18,103</b>	<b>18,103</b>	<b>18,103</b>	<b>26,926</b>	<b>31,517</b>	<b>35,120</b>	
<b>Application of cash and investments</b>															
Unspent conditional transfers		13,662		12,814		17,831		-	-	-	-	-	-	-	
Unspent borrowing		-		-		-		-	-	-	-	-	-	-	
Statutory requirements	2														
Other working capital requirements	3	18,425		8,728		9,395		(45,013)	(40,391)	(40,391)	(40,391)	(12,933)	(8,720)	(3,069)	
Other provisions								5,556	5,556			-	-		
Long term investments committed	4	-		-		-		-	-	-	-	-	-	-	
Reserves to be backed by cash/investments	5														
<b>Total Application of cash and investments:</b>		<b>32,087</b>		<b>21,543</b>		<b>27,226</b>		<b>(39,458)</b>	<b>(34,836)</b>	<b>(40,391)</b>	<b>(40,391)</b>	<b>(12,933)</b>	<b>(8,720)</b>	<b>(3,069)</b>	
<b>Surplus(shortfall)</b>		<b>(35,667)</b>		<b>(8,968)</b>		<b>11,248</b>		<b>86,958</b>	<b>52,939</b>	<b>58,494</b>	<b>58,494</b>	<b>39,859</b>	<b>40,237</b>	<b>38,190</b>	

From the above table it can be seen that the cash and investments available total R 11.4 million positive in the 2015/16 financial year and progressively increase to R 15.7 million positive by 2016/17, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year-end obligations. The liability in this regard totalled R0 million for the 2015/16 financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

<b>Total Operating Revenue</b>	239,984	244,483	257,403	264,126	286,012	286,012	286,012	318,208	337,478	361,807
<b>Total Operating Expenditure</b>	230,481	259,378	283,240	259,285	285,932	285,932	285,932	317,183	332,665	357,476
<b>Operating Performance Surplus/(Deficit)</b>	9,502	(14,895)	(25,837)	4,842	80	80	80	1,025	4,812	4,331
<b>Cash and Cash Equivalents (30 June 2012)</b>								8,761		
<b>Revenue</b>										
% Increase in Total Operating Revenue		1.9%	5.3%	2.6%	8.3%	0.0%	0.0%	11.3%	6.1%	7.2%
% Increase in Property Rates Revenue		10.7%	10.6%	13.7%	0.4%	0.0%	0.0%	13.0%	5.5%	5.3%
% Increase in Electricity Revenue		(3.4%)	6.4%	8.3%	7.8%	0.0%	0.0%	12.7%	12.7%	12.7%
% Increase in Property Rates & Services Charges		6.1%	8.0%	11.4%	2.5%	0.0%	0.0%	12.5%	7.7%	7.7%
<b>Expenditure</b>										
% Increase in Total Operating Expenditure		12.5%	9.2%	(8.5%)	10.3%	0.0%	0.0%	10.9%	4.9%	7.5%
% Increase in Employee Costs		2.7%	(13.2%)	23.7%	8.5%	0.0%	0.0%	18.4%	5.4%	5.2%
% Increase in Electricity Bulk Purchases		17.5%	8.6%	(0.3%)	13.9%	0.0%	0.0%	7.6%	14.2%	14.2%
Average Cost Per Budgeted Employee Position (Remuneration)			186487.66	0	0	0	0	0	0	0
Average Cost Per Councilor (Remuneration)			0	0	0	0	0	0	0	0
R&M % of PPE	0.6%	0.6%	0.8%	2.8%	2.3%	2.3%	2.3%	3.1%	3.1%	3.3%
Asset Renewal and R&M as a % of PPE	8679.0%	1.0%	1.0%	67.0%	58.0%	54.0%	54.0%	3.0%	3.0%	3.0%
Debt Impairment % of Total Billable Revenue	12.1%	9.0%	12.7%	4.0%	10.2%	10.2%	10.2%	9.6%	9.4%	9.2%
<b>Capital Revenue</b>										
Internally Funded & Other (R'000)	-	-	5,007	1,600	1,120	1,120	1,120	-	-	-
Borrowing (R'000)	-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)	24,536	26,858	28,128	21,415	66,872	66,872	66,872	27,249	27,993	24,109
Internally Generated funds % of Non Grant Funding	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%
Borrowing % of Non Grant Funding	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding	100.0%	100.0%	84.9%	93.0%	98.4%	98.4%	98.4%	100.0%	100.0%	100.0%
<b>Capital Expenditure</b>										
Total Capital Programme (R'000)	24,536	26,858	33,135	23,015	67,992	67,992	67,992	27,249	27,993	24,109



#### 2.6.5.2 *Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 21, on page 31. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### 2.6.5.3 *Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As indicated above the Municipality aims to achieve at least two month's cash coverage in the medium term, and then gradually move towards three months coverage. This measure will have to be carefully monitored going forward.

#### 2.6.5.4 *Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### 2.6.5.5 *Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

#### 2.6.5.6 *Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 853 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### 2.6.5.7 *Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

#### **2.6.5.8 Capital payments percentage of capital expenditure**

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

#### **2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)**

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) is excluded.

#### **2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available**

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

#### **2.6.5.11 Consumer debtors change (Current and Non-current)**

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

#### **2.6.5.12 Repairs and maintenance expenditure level**

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 55 MBRR SA34C on page 91.

#### **2.6.5.13 Asset renewal/rehabilitation expenditure level**

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 54 MBRR SA34b on page 116.

#### **2.7 Expenditure on transfers and grants programmes**

**Table 37 MBRR SA19 - Expenditure on transfers and grant programmes**

KZN222 uMngeni - Supporting Table SA19 Expenditure on transfers and grant programme

KZN222 uMngeni - Supporting table SA19 Expenditure on transfers and grant programme										2015/16 Medium Term Revenue & Expenditure Framework			
R thousand	Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
						Audited Outcome	Audited Outcome	Audited Outcome					Original Budget
EXPENDITURE:													
Operating expenditure of Transfers and Grants	1												
	National Government:		32,166	33,556	43,831	39,769	40,528	40,528	40,528	44,100	45,222	48,317	
	Local Government Equitable Share		30,559	29,961	37,208	36,235	36,235	36,235	36,235	40,132	42,840	45,584	
	Municipal Systems Improvement		790	342	966	934	1,315	1,315	1,315	930	957	1,033	
	Finance Management		817	2,232	2,673	1,600	1,977	1,977	1,977	1,600	1,625	1,700	
	EPWP Incentive		-	1,021	2,984	1,000	1,000	1,000	1,000	1,438	-	-	
	Other transfers/grants [insert description]												
	Provincial Government:		978	1,701	4,434	7,545	7,930	7,930	7,930	7,542	8,009	8,500	
	Library		850	1,562	2,672	2,752	2,752	2,752	2,752	2,976	3,134	3,291	
	Museum		125	134	284	799	651	651	651	166	175	184	
Data cleansing			5	1,320	-	175	175	175	-	-	-		
Other transfers and grants [MAP]		3		158	-	358	358	358	-	-	-		
Special Support Councilors Remuneration		-		3,994	3,994	3,994	3,994	3,994	4,400	4,700	5,025		
District Municipality:		-		-	-	-	-	-	-	-	-	-	
[insert description]		-		-	-	-	-	-	-	-	-	-	
Other grant providers:		-		-	-	-	-	-	-	-	-	-	
0		-		-	-	-	-	-	-	-	-	-	
Total operating expenditure of Transfers and Grants													
			33,144	35,257	48,265	47,314	48,458	48,458	48,458	51,642	53,231	56,817	
Capital expenditure of Transfers and Grants													
National Government:			14,538	24,364	19,487	21,415	21,840	21,840	21,840	27,249	27,993	24,109	
Municipal Infrastructure Grant (MIG)			11,977	24,364	18,912	21,415	21,415	21,415	21,415	22,249	22,993	24,109	
Dept. of Energy - NATIONAL GRANT			2,562	-	575	-	425	425	425	5,000	5,000	-	
-			-										
Other capital transfers/grants [insert desc]													
Provincial Government:			9,577	2,409	8,641	-	42,538	42,538	42,538	-	-	-	
Mandela Capture Phase 1 and corridor			9,577	2,409	8,641	-	42,538	42,538	42,538	-	-	-	
District Municipality:			-	-	-	-	-	-	-	-	-	-	
[insert description]													
Other grant providers:													
Massification and Cedara College- PROVINCIAL GRANT													
Total capital expenditure of Transfers and Grants			24,115	26,774	28,128	21,415	66,872	66,872	66,872	27,249	27,993	24,109	
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS													
			57,259	62,031	76,393	68,729	115,330	115,330	115,330	78,891	81,224	80,926	



Table 38 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN222 uMngeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

R thousand	Description	Ref	2011/12 Audited Outcome	2012/13 Audited Outcome	2013/14 Audited Outcome	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
						Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Operating transfers and grants:	National Government:	1,3									
	Balance unspent at beginning of the year		2,065	2,543	2,543	-	1,754				
	Current year receipts		-	-	-	-	-				
	Conditions met - transferred to revenue		2,065	2,543	2,543	-	1,754				
	Conditions still to be met - transferred to liabilities										
	Provincial Government:										
	Balance unspent at beginning of the year			831	10,271	-	15,652				
	Current year receipts			2,935	-	-	-				
	Conditions met - transferred to revenue			3,766	10,271	-	15,652				
	Conditions still to be met - transferred to liabilities										
	District Municipality:										
	Balance unspent at beginning of the year										
	Current year receipts										
	Conditions met - transferred to revenue										
	Conditions still to be met - transferred to liabilities										
Other grant providers:	Balance unspent at beginning of the year										
	Current year receipts										
	Conditions met - transferred to revenue										
	Conditions still to be met - transferred to liabilities										
	Balance unspent at beginning of the year										
	Current year receipts										
	Conditions met - transferred to revenue										
	Conditions still to be met - transferred to liabilities										
	Balance unspent at beginning of the year										
	Current year receipts										
	Conditions met - transferred to revenue										
	Conditions still to be met - transferred to liabilities										
	Balance unspent at beginning of the year										
	Current year receipts										
	Conditions met - transferred to revenue										
	Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue			2,065	6,309	12,814	-	17,406				
Total operating transfers and grants - CTBM			-	-	-	-	-				
Capital transfers and grants:	National Government:	1,3									
	Balance unspent at beginning of the year						425				
	Current year receipts										
	Conditions met - transferred to revenue						425				
	Conditions still to be met - transferred to liabilities										
	Provincial Government:										
	Balance unspent at beginning of the year										
	Current year receipts										
	Conditions met - transferred to revenue										
	Conditions still to be met - transferred to liabilities										
	District Municipality:										
	Balance unspent at beginning of the year										
	Current year receipts										
	Conditions met - transferred to revenue										
	Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue			-	-	-	-	425				
Total capital transfers and grants - CTBM			-	-	-	-	-				
TOTAL TRANSFERS AND GRANTS REVENUE			2,065	6,309	12,814	-	17,831				
TOTAL TRANSFERS AND GRANTS - CTBM			-	-	-	-	-				

## 2.8 Councillor and employee benefits

Table 39 MBRR SA22 - Summary of councillor and staff benefits

Table 40 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

KZN222 uMngeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration			Ref	2011/12			2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	A	B	C	D	E	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
1	Councillors (Political Office Bearers plus Other)			5,168	5,465	5,745				6,127	6,358	F	G	H	I
	Basic Salaries and Wages			—	—	—									
	Pension and UIF Contributions			—	—	—									
	Medical Aid Contributions			—	—	—									
	Motor Vehicle Allowance			—	—	—									
	Cellphone Allowance			—	—	—									
	Housing Allowances			—	—	—									
	Other benefits and allowances			—	—	—									
4	Sub Total - Councillors			5,168	5,465	5,745				6,127	6,358			6,726	7,473
	% increase				5.8%	5.1%				6.7%	3.8%		5.8%	5.5%	5.3%
2	Senior Managers of the Municipality			3,140	4,096	3,079				6,053	4,639			6,597	6,974
	Basic Salaries and Wages			—	—	37				11	11			13	14
	Pension and UIF Contributions			—	—	—				—	—			—	—
	Medical Aid Contributions			—	—	—				—	—			—	—
	Overtime			—	—	—				—	—			—	—
	Performance Bonus			—	—	—				—	—			—	—
	Motor Vehicle Allowance			—	—	320				168	168			188	199
3	Cellphone Allowance			—	—	43				114	114			114	114
3	Housing Allowances			—	—	—				—	—			—	—
3	Other benefits and allowances			—	—	—				62	62			—	—
	Payments in lieu of leave			—	—	—				—	—			—	—
	Long service awards			—	—	—				—	—			—	—
6	Post-retirement benefit obligations			—	—	—				—	—			—	—
	Sub Total - Senior Managers of Municipality			3,140	4,096	3,479				6,408	4,994			6,913	7,301
	% increase				30.4%	(15.1%)				84.2%	(22.1%)		31.1%	5.6%	5.6%
4	Other Municipal Staff			49,578	46,337	42,602				47,381	50,877			64,072	67,441
	Basic Salaries and Wages			6,463	7,312	8,910				8,013	9,468			11,832	12,459
	Pension and UIF Contributions			2,542	2,669	3,219				4,354	5,720			6,387	6,725
	Medical Aid Contributions			3,582	3,935	3,918				3,611	4,176			4,661	4,908
	Overtime			—	—	—				—	—			—	—
	Performance Bonus			534	534	1,155				3,073	2,944			3,459	3,843
3	Motor Vehicle Allowance			62	47	202				330	321			396	417
3	Cellphone Allowance			203	203	183				357	318			793	836
3	Housing Allowances			10,006	14,171	(1,497)				815	3,761			5,613	5,841
	Other benefits and allowances			—	—	3,102				5,746	4,352			4,858	5,115
	Payments in lieu of leave			—	—	—				—	—			—	—
	Long service awards			—	—	—				653	653			729	768
6	Post-retirement benefit obligations			73,267	75,209	61,792				74,333	82,589			102,990	108,352
	Sub Total - Other Municipal Staff				2.6%	(17.8%)				20.3%	11.1%		17.7%	6.0%	5.2%
4	% increase														
	Total Parent Municipality			81,575	84,770	71,015				86,868	93,941		110,456	116,999	123,125

**KZ N222 uMngeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

<b>Disclosure of Salaries, Allowances &amp; Benefits 1.</b>	<b>Ref</b>	<b>No.</b>	<b>Salary</b>	<b>Contributions</b>	<b>Allowances</b>	<b>Performance Bonuses</b>	<b>In-kind benefits</b>	<b>Total Package</b>
Rand per annum				1.				2.
<b>Councillors</b>								
Speaker	3		394,050					394,050
Chief Whip	4		—					—
Executive Mayor			739,216					739,216
Deputy Executive Mayor			394,050					394,050
Executive Committee			374,332					374,332
Total for all other councillors			4,824,821					4,824,821
<b>Total Councillors</b>	8	—	<b>6,726,468</b>	—	—			<b>6,726,468</b>
<b>Senior Managers of the Municipality</b>								
Municipal Manager (MM)	5		1,041,823					1,041,823
Chief Finance Officer			1,085,660					1,085,660
								—
								—
								—
List of each official with packages ≥ senior manager								
General Manager Corporate Services			1,065,886					1,065,886
General Manager Planning & Development			1,022,688					1,022,688
General Manager Technical Services			1,012,661					1,012,661
General Manager Community Services			1,012,661					1,012,661
								—
								—
								—
<b>Total Senior Managers of the Municipality</b>	8,10	—	<b>6,241,379</b>	—	—			<b>6,241,379</b>
A Heading for Each Entity List each member of board by designation	6,7							
								—
								—
								—
								—
								—
								—
								—
								—
<b>Total for municipal entities</b>	8,10	—	—	—	—			—
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	—	12,967,847	—	—			12,967,847

Table 41 MBRR SA24 – Summary of personnel numbers

KZN222 uMngeni - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2013/14			Current Year 2014/15			Budget Year 2015/16		
Number			Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>											
Councillors (Political Office Bearers plus Other Councillors)		4		21			21			21	
Board Members of municipal entities		5			6			6			6
<b>Municipal employees</b>											
Municipal Manager and Senior Managers		3		22			22			25	
Other Managers		7		5			5			6	
Professionals											
Finance											
Spatial/town planning				4			4			4	
Information Technology				1			1			1	
Roads											
Electricity											
Water											
Sanitation											
Refuse											
Other											
Technicians					29		29			79	
Finance											
Spatial/town planning											
Information Technology					29		29				
Roads											
Electricity											
Water											
Sanitation											
Refuse											
Other											
Clerks (Clerical and administrative)					77		77			86	
Service and sales workers					13		13			19	
Skilled agricultural and fishery workers											
Craft and related trades					10		10			10	
Plant and Machine Operators					24		29			29	
Elementary Occupations					143		150			150	
TOTAL PERSONNEL NUMBERS		9		48	302		356	6		425	6
% increase							641.7%	(98.0%)		19.4%	
<b>Total municipal employees headcount</b>											
Finance personnel headcount		6, 10									
Human Resources personnel headcount		8, 10									
		8, 10									

Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN222 uMngeni - Supporting Table SA25 Budgeted monthly revenue and expenditure

R thousand	Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source																	
	Property rates		14,498	12,734	12,310	11,101	11,913	11,564	11,159	11,841	11,846	11,846	8,710	141,136	151,888	159,938	
	Property rates - penalties & collection charges		322	113	216	357	184	356	215	387	285	296	257	6,243	6,586	6,935	
	Service charges - electricity revenue		6,173	4,654	3,661	4,415	4,847	3,830	4,101	4,985	5,879	6,893	13,955	68,177	76,829	86,578	
	Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Service charges - refuse revenue		402	415	411	382	412	417	413	413	418	416	718	5,233	5,521	5,813	
	Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Rental of facilities and equipment		8	58	(28)	56	56	56	65	71	87	88	87	675	712	750	
	Interest earned - external investments		119	70	448	50	36	308	24	9	7	2	436	1,513	1,586	1,680	
	Interest earned - outstanding debtors		147	143	138	150	154	153	202	152	104	152	224	1,838	1,940	2,042	
	Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Fines		1,058	1,570	1,028	1,258	1,083	1,003	1,637	3,255	5,382	5,784	6,108	30,372	29,053	30,593	
	Licences and permits		229	212	145	176	208	220	232	207	146	190	248	2,425	2,559	2,695	
	Agency services		-	-	-	151	13,410	300	-	11,940	-	-	3,968	51,426	53,231	56,817	
	Transfers recognised - operational		17,523	1,334	2,500	395	323	2,085	653	326	581	487	2,672	9,169	7,564	7,965	
	Other revenue		254	406	403	395	-	-	-	-	-	-	-	-	-	-	
	Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Total Revenue (excluding capital transfers and contributions)		40,733	21,709	21,233	18,490	32,623	20,692	18,701	33,585	24,734	26,153	37,394	318,208	337,478	361,807	
Expenditure By Type																	
	Employee related costs		8,686	8,686	8,686	8,686	8,686	8,686	8,686	8,686	8,686	8,686	8,183	103,729	109,375	115,098	
	Remuneration of councillors		484	484	484	484	484	484	484	594	594	594	963	6,726	7,096	7,473	
	Debt impairment		-	-	-	-	-	-	-	-	-	-	21,462	21,462	22,642	23,842	
	Depreciation & asset impairment		890	890	890	890	890	890	890	890	890	890	1,447	11,232	11,850	12,478	
	Finance charges		0	1	1,265	0	0	1,172	0	1,049	-	-	1,273	4,760	5,022	5,288	
	Bulk purchases		6,458	15,133	6,191	8,598	5,687	5,376	6,158	6,389	8,457	5,987	676	80,432	91,886	104,970	
	Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Contracted services		882	1,627	1,164	601	1,037	684	985	654	543	646	741	10,249	10,813	11,386	
	Transfers and grants		323	449	751	951	495	691	626	416	636	446	784	7,110	5,891	6,208	
	Other expenditure		3,165	5,156	4,136	5,166	4,068	5,441	5,830	5,590	5,584	5,655	13,936	71,481	68,090	70,733	
	Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Total Expenditure		20,888	32,424	23,567	25,376	21,347	23,423	23,657	24,268	26,391	22,904	49,465	317,183	332,665	357,476	
	Surplus/(Deficit)		19,845	(10,715)	(2,335)	(6,886)	11,276	(2,731)	(4,956)	9,318	(1,657)	3,249	(12,071)	1,025	4,812	4,331	
	Transfers recognised - capital		-	11,000	-	-	4,326	-	-	11,923	-	-	-	27,249	27,993	24,109	
	Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Surplus/(Deficit) after capital transfers & contributions		19,845	285	(2,335)	(6,886)	15,602	(2,731)	(4,956)	21,241	(1,657)	3,249	(12,071)	28,274	32,805	28,440	
	Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Surplus/(Deficit)	1	19,845	285	(2,335)	(6,886)	15,602	(2,731)	(4,956)	21,241	(1,657)	3,249	(12,071)	28,274	32,805	28,440	

Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

KZN222 uMngeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Ref	Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	Revenue by Vote															
	Vote 1 - Executive and Council	24,758	11,319	12,066	10,385	20,842	12,474	10,189	13,216	23,224	12,841	16,841	17,865	186,039	194,349	204,981
	Vote 2 - Finance	1,809	176	105	103	128	385	163	126	378	255	354	225	4,207	4,375	4,596
	Vote 3 - Corporate Services	28	85	23	23	82	63	130	125	260	58	125	186	1,187	1,252	1,319
	Vote 4 - Planning Services	8	10	20	20	-	0	11	215	358	25	10	352	1,031	1,089	1,146
	Vote 5 - Community Services	3,692	2,185	2,276	1,379	792	856	873	1,692	1,784	3,276	1,279	13,311	33,393	35,224	37,082
	Vote 6 - Technical Services	2,223	1,021	598	592	4,084	839	751	798	892	2,084	839	695	15,414	14,827	15,719
	Vote 7 - Economic Development and Growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 8 - Internal Audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 9 - Electricity	7,616	5,913	5,726	5,189	6,195	5,706	5,317	5,988	6,689	6,195	6,706	9,699	76,936	86,362	96,964
	Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Revenue by Vote	40,133	20,709	20,833	17,690	32,123	20,322	17,433	22,160	33,585	24,734	26,153	42,332	318,208	337,478	361,807
	Expenditure by Vote to be appropriated															
	Vote 1 - Executive and Council	1,765	3,012	2,350	2,327	2,028	2,860	2,116	4,535	3,327	4,028	2,860	5,105	36,314	33,013	36,684
	Vote 2 - Finance	1,226	1,309	1,548	1,533	1,597	1,177	1,858	1,533	1,587	4,177	2,688	640	20,855	21,228	22,342
	Vote 3 - Corporate Services	1,320	2,209	3,306	1,893	1,859	2,493	2,739	1,209	2,305	1,293	2,859	494	23,981	25,300	26,641
	Vote 4 - Planning Services	744	562	651	644	651	560	562	744	562	651	644	1,909	8,884	9,370	9,864
	Vote 5 - Community Services	2,002	3,002	2,611	4,189	2,350	4,107	3,924	3,322	2,389	7,457	1,507	12,603	49,464	51,678	54,368
	Vote 6 - Technical Services	3,231	6,303	2,847	4,476	3,720	5,744	5,195	4,762	2,985	1,931	6,893	26,085	74,195	74,943	73,247
	Vote 7 - Economic Development and Growth	186	266	171	169	167	163	186	266	171	169	167	543	2,827	2,772	2,918
	Vote 8 - Internal Audit	71	95	72	71	88	88	95	72	71	88	88	182	1,083	1,140	1,199
	Vote 9 - Electricity	10,342	15,666	10,010	10,073	8,886	6,227	7,182	7,010	10,858	6,596	5,227	1,903	99,981	113,221	128,212
	Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Expenditure by Vote	20,888	32,424	23,567	25,376	21,347	23,423	23,657	23,473	24,268	26,391	22,904	49,465	317,183	332,665	357,476
	Surplus/(Deficit) before assoc.	19,245	(1,715)	(2,735)	(7,686)	10,776	(3,101)	(6,224)	(1,313)	9,317	(1,657)	3,249	(7,133)	1,025	4,813	4,332
	Taxation															
	Attributable to minorities															
	Share of surplus/ (deficit) of associate															
1	Surplus/(Deficit)	19,245	(1,715)	(2,735)	(7,686)	10,776	(3,101)	(6,224)	(1,313)	9,317	(1,657)	3,249	(7,133)	1,025	4,813	4,332

Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN222 uMngeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

R thousand	Ref	Description	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
			July	August	Sept	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>																	
<i>Governance and administration</i>			26,575	11,557	12,191	10,489	21,028	12,915	10,464	13,399	23,659	13,208	17,320	18,323	191,126	199,653	210,555
Executive and council			24,758	11,319	12,086	10,355	20,842	12,474	10,189	13,216	23,224	12,841	16,841	17,865	186,039	194,349	204,981
Budget and treasury office			1,809	176	105	103	128	385	163	125	378	255	354	225	4,207	4,375	4,596
Corporate services			8	0	0	0	0	58	112	58	56	112	125	233	881	929	978
<i>Community and public safety</i>			3,416	2,212	2,297	1,373	818	882	890	1,423	777	4,226	1,676	13,771	33,740	35,560	37,467
Community and social services			27	29	524	515	27	10	19	215	22	259	22	1,860	3,717	3,904	3,717
Sport and recreation			2	1	1	1	0	0	2	1	1	0	0	173	181	191	201
Public safety			3,387	2,183	1,772	857	790	852	869	1,207	755	3,967	1,654	11,738	30,031	31,683	33,362
Housing			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>			169	612	208	218	147	422	349	940	574	684	33	612	4,968	3,725	3,922
Planning and development			8	10	20	20	0	0	11	215	358	25	10	352	1,031	1,089	1,146
Road transport			160	602	188	198	147	422	338	724	216	658	23	260	3,937	2,636	2,776
Environmental protection			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>			9,973	6,328	8,137	5,610	10,131	6,123	5,730	6,399	8,575	5,616	7,123	8,628	88,373	98,510	109,863
Electricity			7,616	5,913	5,726	5,189	6,195	5,706	5,317	5,988	6,669	6,195	6,706	9,699	76,936	86,362	96,964
Water			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management			2,358	415	411	422	3,937	417	413	411	1,887	422	417	(71)	11,437	12,148	12,899
<i>Other</i>			40,133	20,709	20,433	17,690	32,123	20,322	17,433	22,160	33,565	24,734	26,153	42,333	318,208	337,478	361,807
<b>Total Revenue - Standard</b>																	
<b>Expenditure - Standard</b>																	
<i>Governance and administration</i>			4,501	6,060	6,760	7,182	8,531	6,192	7,070	9,277	7,231	9,498	8,377	7,693	86,303	85,252	93,680
Executive and council			1,765	3,012	2,350	2,327	2,028	2,860	2,116	4,535	3,327	4,028	2,860	3,048	34,257	30,843	36,399
Budget and treasury office			1,226	1,548	1,597	1,533	1,597	1,177	1,658	1,533	1,597	4,177	2,658	640	20,655	21,228	22,342
Corporate services			1,510	1,739	2,861	3,323	2,906	2,155	3,255	3,209	2,306	1,293	2,859	3,994	31,451	33,181	34,939
<i>Community and public safety</i>			2,181	4,821	3,991	3,265	2,538	5,139	2,400	4,039	3,343	6,374	7,062	6,352	51,507	53,834	56,537
Community and social services			755	613	659	1,652	905	733	1,132	1,543	855	915	1,487	1,255	12,504	13,186	13,675
Sport and recreation			653	675	684	677	771	821	652	751	648	3,358	578	1,059	11,229	11,846	12,474
Public safety			688	3,469	2,563	872	805	3,528	556	1,682	1,781	1,905	4,872	3,150	25,891	26,815	28,196
Housing			85	64	65	64	57	57	60	63	159	195	125	889	1,883	2,092	2,092
Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>			1,811	1,906	1,769	2,627	2,310	6,266	1,838	1,989	1,903	1,905	3,187	26,486	53,905	53,534	50,698
Planning and development			744	562	551	644	651	560	582	744	552	651	1,644	1,859	8,834	9,320	9,814
Road transport			1,057	1,344	1,118	1,983	1,659	5,706	1,274	1,245	1,340	1,155	2,543	24,637	45,072	44,214	40,985
Environmental protection			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>			12,393	19,636	11,047	12,300	9,969	6,826	12,350	8,167	11,792	8,713	4,275	7,869	125,337	139,872	155,381
Electricity			10,342	15,666	10,010	10,073	8,866	6,227	7,182	7,010	10,858	6,596	2,600	4,530	99,981	113,221	126,212
Water			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management			264	213	220	222	247	179	331	422	246	685	532	2,127	5,688	6,001	6,319
Waste management			1,787	3,756	817	2,006	836	420	4,837	735	698	1,431	1,143	1,211	19,668	20,749	21,849
<i>Other</i>			0	0	0	0	0	0	0	0	0	0	3	66	71	74	76
<b>Total Expenditure - Standard</b>			20,887	32,424	23,567	25,376	21,347	24,423	23,557	23,473	24,268	26,391	22,904	48,466	317,183	332,665	357,476
<b>Surplus/(Deficit) before assoc.</b>			19,246	(11,716)	(2,734)	(7,686)	10,776	(4,102)	(6,224)	(1,312)	9,317	(1,657)	3,249	(6,133)	1,025	4,813	4,332
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>			19,246	(11,716)	(2,734)	(7,686)	10,776	(4,102)	(6,224)	(1,312)	9,317	(1,657)	3,249	(6,133)	1,025	4,813	4,332

Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN222 ulingeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Planning Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Economic Development and Growth		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Planning Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Economic Development and Growth		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	-	538	6,724	-	4,690	2,684	6,581	-	2,584	-	3,449	-	27,249	27,993	24,109
<b>Total Capital Expenditure</b>	2	-	538	6,724	-	4,690	2,684	6,581	-	2,584	-	3,449	-	27,249	27,993	24,109



Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN222 uMngeni - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

R thousand	Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	<b>Capital Expenditure - Standard</b>	1															
	<i>Governance and administration</i>																
	Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>Community and public safety</i>		-	-	1,825	-	-	1,675	-	-	-	-	-	-	3,500	-	-
	Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sport and recreation		-	-	1,825	-	-	1,675	-	-	-	-	-	-	3,500	-	-
	Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>Economic and environmental services</i>		-	538	907	-	4,690	-	6,581	-	2,584	-	3,449	-	18,749	22,993	24,109
	Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Road transport		-	538	907	-	4,690	-	6,581	-	2,584	-	3,449	-	18,749	22,993	24,109
	Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>Trading services</i>		-	-	3,992	-	-	1,008	-	-	-	-	-	-	5,000	5,000	-
	Electricity		-	-	3,992	-	-	1,008	-	-	-	-	-	-	5,000	5,000	-
	Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total Capital Expenditure - Standard</b>	2	-	538	6,724	-	4,690	2,684	6,581	-	2,584	-	3,449	-	27,249	27,993	24,109
	<b>Funded by:</b>																
	National Government		-	538	6,724	-	4,690	2,684	6,581	-	2,584	-	3,449	-	27,249	27,993	24,109
	Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transfers recognised - capital		-	538	6,724	-	4,690	2,684	6,581	-	2,584	-	3,449	-	27,249	27,993	24,109
	Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Internally generated funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total Capital Funding</b>		-	538	6,724	-	4,690	2,684	6,581	-	2,584	-	3,449	-	27,249	27,993	24,109

KZN222 uMngeni - Supporting Table SA30 Budgeted monthly cash flow

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## 2.9 Annual budgets and Service Delivery Budget Implementation Plan – internal department

In terms of section 53(1)(c)(ii) the Mayor must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget. The draft organisational SDBIP together with the departmental SDBIP's will be included in the final budget document

## 2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, the following contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

**Table 52 MBRR SA32 – List of external mechanisms**  
**KZN222 uMngeni - Supporting Table SA32 List of external mechanisms**

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
GNG			Debt Collection	31/10/2015	10% prof fee
TMJ			Debt Collection	31/10/2015	10% prof fee
NCIS			Debt Collection	31/10/2015	10% prof fee
Mathew Francis			Debt Collection	31/10/2015	10% prof fee
Indwe Risks Services			Short Term Insurance	30/06/2015	316
Ntshidi & Associates			Vat Assessment Service	30/11/2014	0
Walton's			Supply & Delivery of Stationery	28/02/2013	4
Indwe Risks Services			Supply & Delivery of Refuse Bags	28/02/2015	102
Meigovis (Pty) Ltd			Melval Property Magt. System	31/12/2015	270
Bytes (Pty) Ltd			Bytes	30/06/2014	31
Siqu Consulting Engineers			Civil Project Managers	30/06/2015	0
Excellent @ Work			Civil Project Managers	30/06/2015	0
Sukuma Consulting			Civil Project Managers	30/06/2015	0
Asande Projects			Electrical Project Managers	30/06/2015	0
Ntsumi Telecommunications			MMS Sent Statements for Municipal Accounts	30/08/2016	–
Sealcoat Surfacing & Asphalt			Upgrading Residential Roads in Mpophomeni	30/12/2015	3,500
Fidelity Cash Solutions			Cash In-Transit	30/09/2016	271
Tevtal Technology			Supply and Installation of a Credit Control Web Sofw	30/11/2016	200

## 2.10 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 53 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN222 uMngeni - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure	2	10,062	26,858	25,666	18,912	21,111	21,111	23,749	27,993	24,109
Infrastructure - Road transport		6,243	26,858	25,091	18,912	20,103	20,103	18,749	22,993	24,109
Roads, Pavements & Bridges		6,243	26,858	25,091	18,912	20,103	20,103	18,749	22,993	24,109
Storm water										
Infrastructure - Electricity		3,819	-	575	-	1,008	1,008	5,000	5,000	-
Generation										
Transmission & Reticulation		3,819	-	575	-	1,008	1,008	5,000	5,000	-
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other		3								
Community	7	-	-	-	2,500	3,223	3,223	3,500	-	-
Parks & gardens										
Sportsfields & stadia		-	-	-	2,500	3,223	3,223	3,500	-	-
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries		-	-	-	-	-	-	-		
Cemeteries										
Social rental housing										
Other	8									
Heritage assets	9	-	-	2,462	-	42,538	42,538	-	-	-
Buildings										
Other	-	-	2,462	-	42,538	42,538				
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets	10	-	-	-	1,600	620	620	-	-	-
General vehicles										
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	1,600	620	620	-	-	-
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets			-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on now assets	1	10,062	26,858	28,128	23,012	67,492	67,492	27,249	27,993	24,109

Table 54 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN222 uMngeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other										
<b>Community</b>		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other										
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		-	-	-	-	-	-	-	-	-
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
<b>Total Capital Expenditure on renewal of existing</b>	<b>1</b>	-	-	-	-	-	-	-	-	-

**Table 55 MBRR SA34c - Repairs and maintenance expenditure by asset class**

KZN222 uMngeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	14,536	14,536	14,536	14,699	15,508	16,329
Infrastructure - Road transport		-	-	-	9,972	9,972	9,972	9,125	9,627	10,137
Roads, Pavements & Bridges		-	-	-	6,660	6,660	6,660	2,075	2,189	2,305
Storm water		-	-	-	3,313	3,313	3,313	7,050	7,438	7,832
Infrastructure - Electricity		-	-	-	4,564	4,564	4,564	5,574	5,880	6,192
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	4,564	4,564	4,564	5,574	5,880	6,192
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Community</b>		3,558	4,932	6,333	8,365	5,261	5,261	10,042	9,594	10,063
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	1,329	1,329	1,329	959	1,782	1,876
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	39	39	39	273	288	303
Libraries		-	-	-	538	538	538	570	601	633
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	46	46	46	7	7	7
Security and policing		-	-	-	245	245	245	794	338	316
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	68	68	68	-	-	-
Cemeteries		-	-	-	617	617	617	-	-	-
Social rental housing		-	-	-	5	5	5	283	298	314
Other		3,558	4,932	6,333	5,478	2,373	2,373	7,156	6,280	6,613
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		-	-	-	-	-	-	-	-	-
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	<b>1</b>	<b>3,558</b>	<b>4,932</b>	<b>6,333</b>	<b>22,902</b>	<b>19,797</b>	<b>19,797</b>	<b>24,741</b>	<b>25,102</b>	<b>26,392</b>

Table 56 MBRR SA35 - Future financial implications of the capital budget

KZN222 uMngeni - Supporting Table SA35 Future financial implications of the capital budget								
Vote Description  R thousand	Ref	2015/16 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Present value
<b>Capital expenditure</b>	1							
Vote 1 - Executive and Council		--	--	--				
Vote 2 - Finance		--	--	--				
Vote 3 - Corporate Services		--	--	--				
Vote 4 - Planning Services		--	--	--				
Vote 5 - Community Services		3,500	--	--				
Vote 6 - Technical Services		18,749	22,993	24,109				
Vote 7 - Economic Development and Growth		--	--	--				
Vote 8 - Internal Audit		--	--	--				
Vote 9 - Electricity		5,000	5,000	--				
Vote 10 - [NAME OF VOTE 10]		--	--	--				
Vote 11 - [NAME OF VOTE 11]		--	--	--				
Vote 12 - [NAME OF VOTE 12]		--	--	--				
Vote 13 - [NAME OF VOTE 13]		--	--	--				
Vote 14 - [NAME OF VOTE 14]		--	--	--				
Vote 15 - [NAME OF VOTE 15]		--	--	--				
List entity summary if applicable								
<b>Total Capital Expenditure</b>		27,249	27,993	24,109	--	--	--	--
<b>Future operational costs by vote</b>	2							
Vote 1 - Executive and Council								
Vote 2 - Finance								
Vote 3 - Corporate Services								
Vote 4 - Planning Services								
Vote 5 - Community Services								
Vote 6 - Technical Services								
Vote 7 - Economic Development and Growth								
Vote 8 - Internal Audit								
Vote 9 - Electricity								
Vote 10 - [NAME OF VOTE 10]								
Vote 11 - [NAME OF VOTE 11]								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
List entity summary if applicable								
<b>Total future operational costs</b>		--	--	--	--	--	--	--
<b>Future revenue by source</b>	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
<b>Total future revenue</b>		--	--	--	--	--	--	--
<b>Net Financial Implications</b>		27,249	27,993	24,109	--	--	--	--





Table 58 MBRR SA37 - Projects delayed from previous financial year

KZN2022 uMngeni - Supporting Table SA37 Projects delayed from previous financial year/s

NZINZZZ UNINGEM - supporting table over Projects delayed non previous financial years											
Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework	
								Original Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +2 2017/18
R thousand											
Parent municipality: List all capital projects grouped by Municipal Vote				Examples	Examples						
Entities: List all capital projects grouped by Municipal Entity											
Entity Name Project name											

Municipal Vote/Capital project  R thousand	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2012/13		Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2013/14	Budget Year + 1 2014/15	Budget Year +2 2015/16
Parent municipality: List all capital projects grouped by Municipal Vote				Examples	Examples							
Entities: List all capital projects grouped by Municipal Entity												
Entity Name Project name												

## 2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained 10 interns through this programme and a majority of them were appointed either in uMngeni Municipality or other municipalities.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in June 2015 directly aligned and informed by the 2014/15 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

## 2.14 Other supporting documents

Table 59 MBRR Table SA1 - Supporting detail to budgeted financial performance

KZN222 uMngeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

KZNZZ22 uMngeni - Supporting table on Budgeted Expenditure Framework										2015/16 Medium Term Revenue & Expenditure Framework					
Description	Ref	Current Year 2014/15					2015/16			2016/17			2017/18		
		Audited Outcome	2012/13	2013/14	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18				
R thousand															
REVENUE ITEMS:															
Property rates	6														
Total Property Rates		150,056	146,636	145,229	176,083	176,583	176,583	176,583	185,305	198,925	209,468				
less Revenue Foregone		58,932	45,734	33,598	49,187	49,187	49,187	49,187	44,168	47,037	49,530				
Net Property Rates		91,124	100,902	111,632	126,896	127,396	127,396	127,396	141,136	151,888	159,938				
Service charges - electricity revenue	6														
Total Service charges - electricity revenue		50,446	54,338	51,842	59,022	63,384	63,384	63,384	71,427	80,491	90,706				
less Revenue Foregone			5,620		2,884	2,884	2,884	2,884	3,250	3,663	4,127				
Net Service charges - electricity revenue		50,446	48,718	51,842	56,138	60,500	60,500	60,500	68,177	76,829	86,578				
Service charges - water revenue	6														
Total Service charges - water revenue															
less Revenue Foregone															
Net Service charges - water revenue															
Service charges - sanitation revenue															
Total Service charges - sanitation revenue															
less Revenue Foregone															
Net Service charges - sanitation revenue															
Service charges - refuse revenue	6														
Total refuse removal revenue		8,190	7,809	4,619	9,755	9,755	9,755	9,755	10,321	10,888	11,465				
Total landfill revenue					59	59	59	59	62	65	69				
less Revenue Foregone					4,867	4,867	4,867	4,867	5,150	5,433	5,721				
Net Service charges - refuse revenue		8,190	7,809	4,619	4,946	4,946	4,946	4,946	5,233	5,521	5,813				
Other Revenue by source															
BUILDING PLAN FEES		1,419	1,297	1,988	1,812	1,836	1,836	1,836	1,943	2,049	2,158				
VALUATION & OBJECTION FEES		0	0		90	58	58	58	61	64	68				
SHARED SERVICES		772	505	323	530	530	530	530	561	592	623				
RECONNECTION FEES		241	628	377	476	523	523	523	555	585	616				
RATES CERTIFICATES					465	372	372	372	394	416	438				
MISCELLANEOUS INCOME				487	393	315	315	315	333	351	370				
HALL HIRE		192	226	205	267	267	267	267	282	298	314				
LGSETA		95		66	157	157	157	157	166	175	185				
BURIAL FEES		48	54	38	60	60	60	60	64	67	71				
STOP ORDER COMMISSION					33	35	35	35	37	39	41				
INSURANCE CLAIMS RECEIVED					200	200	200	200	212	224	236				
Other Revenue	3	19,890	27,353	1,025	2,891	2,555	2,555	2,555	4,562	2,703	2,846				
Total 'Other' Revenue	1	22,657	30,064	4,508	7,375	6,908	6,908	6,908	9,169	7,564	7,965				



[illegible]

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Table 60 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN222 uMngeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)																	
Description	Ref	Vote 1 - Executive and Council	Vote 2 - Finance	Vote 3 - Corporate Services	Vote 4 - Planning Services	Vote 5 - Community Services	Vote 6 - Technical Services	Vote 7 - Economic Development and Growth	Vote 8 - Internal Audit	Vote 9 - Electricity	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
<b>Revenue By Source</b>	1																
Property rates		143,970	-	-	-	-	-	-	-	-	-	-	-	-	-	-	143,970
Property rates - penalties & collection charges		6,243	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,243
Service charges - electricity revenue		-	-	-	-	-	-	-	-	68,177	-	-	-	-	-	-	68,177
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	5,233	-	-	-	-	-	-	-	-	-	5,233
Rental of facilities and equipment		-	-	675	-	-	-	-	-	-	-	-	-	-	-	-	675
Interest earned - external investments		-	1,513	-	-	-	-	-	-	-	-	-	-	-	-	-	1,513
Interest earned - outstanding debtors		1,838	-	-	-	-	27,538	-	-	-	-	-	-	-	-	-	27,538
Dividends received		-	-	-	-	-	2,425	-	-	-	-	-	-	-	-	-	2,425
Fines		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		237	1,094	512	1,031	0	-	-	-	4,295	-	-	-	-	-	-	7,169
Transfers recognised - operational		36,578	1,600	-	-	3,142	7,642	-	-	4,463	-	-	-	-	-	-	53,426
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>188,866</b>	<b>4,207</b>	<b>1,187</b>	<b>1,031</b>	<b>33,106</b>	<b>12,875</b>	<b>-</b>	<b>-</b>	<b>76,936</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>318,208</b>
<b>Expenditure By Type</b>																	
Employee related costs		10,437	14,161	10,866	8,234	22,487	34,122	2,456	914	552	-	-	-	-	-	-	104,229
Remuneration of councillors		6,726	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,726
Debt impairment		-	-	-	-	13,160	7,712	-	-	589	-	-	-	-	-	-	21,462
Depreciation & asset impairment		951	5	2,308	62	699	4,425	62	79	2,641	-	-	-	-	-	-	11,232
Finance charges		-	-	-	-	-	4,760	-	-	-	-	-	-	-	-	-	4,760
Bulk purchases		-	-	-	-	-	-	-	-	80,432	-	-	-	-	-	-	80,432
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		212	-	3,658	-	-	-	-	-	6,379	-	-	-	-	-	-	10,249
Transfers and grants		930	1,600	-	-	3,142	1,438	-	-	-	-	-	-	-	-	-	7,110
Other expenditure		17,059	4,890	7,149	538	9,975	21,788	108	89	9,387	-	-	-	-	-	-	70,983
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>36,314</b>	<b>20,655</b>	<b>23,981</b>	<b>8,834</b>	<b>49,463</b>	<b>74,246</b>	<b>2,627</b>	<b>1,083</b>	<b>99,990</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>317,183</b>
<b>Surplus/(Deficit)</b>		<b>152,552</b>	<b>(16,449)</b>	<b>(22,794)</b>	<b>(7,803)</b>	<b>(16,357)</b>	<b>(61,370)</b>	<b>(2,627)</b>	<b>(1,083)</b>	<b>(23,044)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,024</b>
Transfers recognised - capital		-	-	-	-	-	22,249	-	-	5,000	-	-	-	-	-	-	27,249
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>152,552</b>	<b>(16,449)</b>	<b>(22,794)</b>	<b>(7,803)</b>	<b>(16,357)</b>	<b>(39,121)</b>	<b>(2,627)</b>	<b>(1,083)</b>	<b>(18,044)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,273</b>



**Table 61 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

KZN222 uMgeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

KNZZZ Unrig - Supporting Table SAS Supporting detail to Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
		R thousand									
ASSETS											
Call investment deposits											
Call deposits < 90 days		2,415	14,849	29,798	39,906	8,747	8,747	8,747	25,210	26,672	28,219
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Total Call Investment deposits	2	2,415	14,849	29,798	39,906	8,747	8,747	8,747	25,210	26,672	28,219
Consumer debtors											
Consumer debtors		40,771	35,688	32,515	81,384	81,384	81,384	81,384	78,129	73,441	67,566
Less: Provision for debt impairment		-	-	-	-	-	-	-	-	-	-
Total Consumer debtors	2	40,771	35,688	32,515	81,384	81,384	81,384	81,384	78,129	73,441	67,566
Debt impairment provision											
Balance at the beginning of the year		-	-	-	-	-	-	-	-	-	-
Contributions to the provision		-	-	-	-	-	-	-	-	-	-
Bad debts written off		26,429	29,470	32,338	1,121	1,121	1,121	1,121	21,462	22,842	23,842
Balance at end of year		26,429	29,470	32,338	1,121	1,121	1,121	1,121	21,462	22,842	23,842
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)	3	813,391	802,926	769,733	829,590	874,567	874,567	874,567	798,982	797,726	793,842
Leases recognised as PPE		-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation		-	-	-	-	-	-	-	-	-	-
Total Property, plant and equipment (PPE)	2	813,391	802,926	769,733	829,590	874,567	874,567	874,567	798,982	797,726	793,842
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		8,880	6,663	4,214	2,500	2,500	2,500	2,500	4,635	4,914	5,159
Current portion of long-term liabilities		-	-	-	-	-	-	-	-	-	-
Total Current liabilities - Borrowing		8,880	6,663	4,214	2,500	2,500	2,500	2,500	4,635	4,914	5,159
Trade and other payables											
Trade and other creditors		39,233	26,817	30,440	71	71	71	71	25,557	27,103	29,272
Unspent conditional transfers		13,662	12,814	17,831	-	-	-	-	-	-	-
VAT		2,557	2,418	705	-	-	-	-	-	-	-
Total Trade and other payables	2	55,452	42,047	48,976	71	71	71	71	25,557	27,103	29,272
Non current liabilities - Borrowing											
Borrowing	4	34,059	31,816	31,672	32,316	32,316	32,316	32,316	33,599	30,280	29,069
Finance leases (including PPP asset element)		1,227	564	1,392	-	-	-	-	-	-	-
Total Non current liabilities - Borrowing		35,286	32,380	33,064	32,316	32,316	32,316	32,316	33,599	30,280	29,069
Provisions - non-current											
Retirement benefits		-	25,273	21,715	-	-	-	-	-	-	-
List other major provision items		-	-	-	-	-	-	-	-	-	-
Refuse landfill site rehabilitation		31,024	14,070	16,556	4,835	4,835	4,835	4,835	5,072	5,356	5,624
Other		-	-	-	-	-	-	-	-	-	-
Total Provisions - non-current		31,024	39,343	38,271	4,835	4,835	4,835	4,835	5,072	5,356	5,624
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		-	-	-	-	-	-	-	-	-	-
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		34,039	1,295	2,430	26,257	66,952	66,952	66,952	28,274	32,805	28,440
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	735,712	751,292	751,292	751,292	728,159	724,630	-
Accumulated Surplus/(Deficit)	1	34,039	1,295	2,430	761,989	818,244	818,244	818,244	756,433	757,435	28,440
Reserves											
Housing Development Fund		14,847	15,681	15,108	-	-	-	-	15,108	15,108	15,108
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Other reserves		151,770	151,770	127,471	237,726	237,726	237,726	237,726	241,292	253,357	266,025
Revaluation		-	-	-	-	-	-	-	-	-	-
Total Reserves	2	166,617	167,451	142,579	237,726	237,726	237,726	237,726	256,400	268,465	281,133
TOTAL COMMUNITY WEALTH/EQUITY	2	200,656	168,747	145,009	999,695	1,055,970	1,055,970	1,055,970	1,012,833	1,025,901	309,573

Table 62 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

KZN222 uMngeni - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population						92,710	92,710	92,710	92,710	92,710	92,710	92,710
Females aged 5 - 14						7,162	7,162	7,162	7,162	7,162	7,162	7,162
Males aged 5 - 14						7,368	7,368	7,368	7,368	7,368	7,368	7,368
Females aged 15 - 34						17,157	17,157	17,157	17,157	17,157	17,157	17,157
Males aged 15 - 34						17,759	17,759	17,759	17,759	17,759	17,759	17,759
Unemployment						9,711	9,711	9,711	9,711	9,711	9,711	9,711
<b>Monthly household income (no. of households)</b>	1, 12											
No income						33,287	33,287	33,287	33,287	33,287	33,287	33,287
R1 - R1 600						12,987	12,987	12,987	12,987	12,987	12,987	12,987
R1 601 - R3 200						8,575	8,575	8,575	8,575	8,575	8,575	8,575
R3 201 - R6 400						4,441	4,441	4,441	4,441	4,441	4,441	4,441
R6 401 - R12 800						4,124	4,124	4,124	4,124	4,124	4,124	4,124
R12 801 - R25 600						3,130	3,130	3,130	3,130	3,130	3,130	3,130
R25 601 - R51 200						1,501	1,501	1,501	1,501	1,501	1,501	1,501
R52 201 - R102 400						481	481	481	481	481	481	481
R102 401 - R204 800						176	176	176	176	176	176	176
R204 801 - R409 600						94	94	94	94	94	94	94
R409 601 - R819 200						-	-	-	-	-	-	-
> R819 200						-	-	-	-	-	-	-
<b>Poverty profiles (no. of households)</b>												
< R2 050 per household per month	13					19000.00	19000.00	19000.00	19000.00	19000.00	19000.00	19000.00
Insert description	2					0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Household demographics (000)</b>												
Number of people in municipal area						93	93	93	93	93	93	93
Number of poor people in municipal area						-	-	-	-	-	-	-
Number of households in municipal area						30	30	30	30	30	30	30
Number of poor households in municipal area						-	-	-	-	-	-	-
Definition of poor household (R per month)						-	-	-	-	-	-	-
<b>Housing statistics</b>	3											
Formal						23,485	23,485	23,485	23,485	23,485	23,485	23,485
Informal						1,546	1,546	1,546	1,546	1,546	1,546	1,546
Total number of households			-	-	-	25,031	25,031	25,031	25,031	25,031	25,031	25,031

Table 63 MBRR SA32 – List of external mechanisms

KZN222 uMngeni - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
GNG			Debt Collection	31/10/2015	10% prof fee
TMJ			Debt Collection	31/10/2015	10% prof fee
NCIS			Debt Collection	31/10/2015	10% prof fee
Mathew Francis			Debt Collection	31/10/2015	10% prof fee
Indwe Risks Services			Short Term Insurance	30/06/2015	316
Ntshidi & Associates			Vat Assessment Service	30/11/2014	0
Walton's			Supply & Delivery of Stationery	28/02/2013	4
Indwe Risks Services			Supply & Delivery of Refuse Bags	28/02/2015	102
Melgovis (Pty) Ltd			Melval Property Magt. System	31/12/2015	270
Bytes (Pty) Ltd			Bytes	30/06/2014	31
Siqu Consulting Engineers			Civil Project Managers	30/06/2015	0
Excellent @ Work			Civil Project Managers	30/06/2015	0
Sukuma Consulting			Civil Project Managers	30/06/2015	0
Asande Projects			Electrical Project Managers	30/06/2015	0
Nisumi Telecommunications			MMS Sent Statements for Municipal Accounts	30/08/2016	–
Sealcoat Surfacing & Asphalt			Upgrading Residential Roads in Mpophomeni	30/12/2015	3,500
Fidelity Cash Solutions			Cash In-Transit	30/09/2016	271
Tevtal Technology			Supply and Installation of a Credit Control Web Soft	30/11/2016	200

MUNICIPAL NOTICE NO .....

AMENDMENT TO TARIFFS: 2015/2016 FINANCIAL YEAR

Notice is hereby given in terms of Section 75A(3)(b) of the Local Government: Municipal Systems Act (Act 32 of 2000), that uMngeni Municipal Council by Resolution taken on 27 May 2015 resolved to amend the following tariffs as indicated:

1. Refuse Removal Tariffs

(a)	Domestic Consumers	Free up to total market value per property of R200 000. Consumers/Ratepayers with property values in excess of R200 000 will have a monthly charge of R57.40
(b)	Commercial Consumers	R107.19 per 120ℓ bin per month (One collection per week)
(c)	Government Institutions	R95.28 per bin 120ℓ per month (One collection per week)

Sectional title complexes that collect and transport domestic refuse to the landfill site for disposal must make application in writing to the Municipal Manager in order to qualify for reduced refuse removal tariffs subject to all necessary criteria being met.

**Waste Management**

Garden Refuse at Landfill Site	R1,06 per Kg
Builders Rubble at Landfill Site	R0,27 per Kg
Domestic Refuse at Landfill Site	R1,06 per Kg

The above tariff excludes Vat.

2. Electricity Tariffs

Domestic Consumers High on Conventional Meters	BLOCK 1: 0 – 50 Kwh	84c/kwh
	BLOCK 2: 51 - 350 Kwh	105c/kwh
	BLOCK 3: 351 – 600 Kwh	135c/kwh
	BLOCK 4: 601 and above	160c/kwh
	Basic Charge	R121 per month

Any domestic consumer in excess of 60 amps will attract the charge of R20.48 per amp per month. These tariffs are applicable in respect of all accounts rendered from 1 July 2015 irrespective of when meter readings were taken

Domestic Consumers Low on Prepaid Meters	BLOCK 1: 0 – 50 kwh	86c/kwh
	BLOCK 2: 51 - 350 kwh	106c/kwh
	BLOCK 3: 351 – 600 kwh	133c/kwh
Domestic Consumers High on Prepaid Meters	BLOCK 1: 0 – 50 kwh	84c/kwh
	BLOCK 2: 51 - 350 kwh	105c/kwh
	BLOCK 3: 351 – 600 kwh	135c/kwh
	BLOCK 4: 601 and above	160c/kwh
Commercial Consumers on Conventional Meters	Per kwh	85c/kwh

Basic Charge	R20.46 per amp per month
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These tariffs are applicable in respect of all accounts rendered from 1 July 2015 irrespective of when meter readings were taken.

Commercial Consumers on Prepaid Meters	Per kwh	146c/kwh
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### 3. Deposits

(a) Domestic Consumers:	Electricity	R1670.00
(a) All Other Consumers:	Electricity: Minimum deposit of R5872.40 but will be based on 2 months consumption.	

### 4. Meter Reading Fees

(a) Domestic Consumers:	R 95.40 per reading on request
(b) All Other Consumers:	R185.50 per reading

### 5. Testing of Meters

(a) Domestic meters:	R 246.98 per meter
(b) Commercial meters:	R617.98 per meter

The above tariff excludes Vat.

#### ELECTRICITY - STANDARD CONNECTIONS

Electricity:	(Conventional & Prepaid )	R6616.52 per connection.
Electricity:	(Conversion to Pre-paid)	R689.00 per connection

(The standard conversion tariff applies to indigent applicants only and the application must be made for a 20 amp circuit breaker or lower).

Domestic Circuit Breaker upgrades	R1272.00 per change
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Any other Circuit Breaker upgrades are at cost plus 10%

#### ELECTRICITY - OTHER CONNECTIONS

All other electricity connections, beyond the above standard connection are at cost + 20%.

Conversion from conventional to prepaid above 20 amps is at cost + 20%.

All new electricity, water and sewerage connections are made to the boundary of the property and not the dwelling, depending on the technical considerations.

The above tariff excludes Vat.

### 8. Disconnection/Reconnection and Tamper Fees

Electricity: Disconnection/Reconnection fee	R 410.00
Electricity:	
1 <sup>st</sup> Offence	R2650.00
2 <sup>nd</sup> Offence	R3710.00

3<sup>rd</sup> Offence

Prosecution.

The above tariff excludes Vat.

**9. Library Membership Fees**

Adults

R103.37 per annum

Children (under 18)

R65.17 per annum

The above tariff excludes Vat.

**10. Clearance Certificates and Property Valuation Certificates & Objections**

(a) Issuing of Clearance Certificates

R180.00 per certificate.

(b) Issuing of Property Valuation Certificates

R 110.00 per certificate

(c) Lodging of Objections

R318.00 per objection for Residential and Non-Residential Properties

R636.00 per objection for Agricultural Properties

Refundable if objection is upheld

(d) Lodging of Appeals

R795.00 per appeal for all properties. Refundable if the appeal is upheld by the Valuations Appeals Board

The above tariff excludes Vat.

**11. Building Plan Fees**

Minor Works and Internal

R159.00

Alterations not affecting the floor area.

New Buildings, erection or additions:

(a) For first 20m<sup>2</sup>

R 102.82

(b) For 21m<sup>2</sup> - 50<sup>2</sup>

R171.72

(c) For 51m<sup>2</sup> - 90m<sup>2</sup>

R254.40

(d) For 91m<sup>2</sup> and above.

R 1 144.80 per 10m<sup>2</sup> or part thereof save for a 50% reduction on bona fide farming structures utilized for farming purposes in excess of 91m<sup>2</sup>.

(e) Approval in principle

30% of Building Plan Fee.

(f) Swimming Pools

R233.20

(g) Drainage charge

R233.20

(h) Petrol, Diesel & Gas

R243.80

(i) Temporary Buildings

R159.00 for each 50m<sup>2</sup> or part thereof.

(j) Pre-cast Concrete Boundary walls

R 148.40 not adjacent to a road boundary but exceeding 1.8 meters in height shall require the submission of an application with sketch plan.

(k) Pre-cast Concrete Boundary walls

R114.48 - adjacent to a road exceeding fence – Minimum 1,5 meters in height is subject to the submission of application forms and building

		plans.
	Hoarding Fees:	R2,173.00 – Deposit per frontage of 10m <sup>2</sup> or part thereof
	Rental	R100.70 - Per frontage of 10m <sup>2</sup> or part thereof
(l)	Encroachments	R73.14 per 10m <sup>2</sup> or part thereof - Balconies not used for living purposes or business purposes.
	Balconies 75% enclosed and attached to business premises and not used or part thereof for business purposes.	R177.02 per 10m <sup>2</sup>
	Balconies used for licensed business or part thereof.	R820.00 per 10m <sup>2</sup>
	Verandah's	R 75.26 per annum
	Servitudes and Reserves	R119.78 per annum per 10m <sup>2</sup> or part thereof.

## **12. Town Planning Fees**

(a) Subdivision	
- Urban (1-5 Subs)	R 4500.00
- Urban (6-10 Subs)	R 4980.00
- Urban (Above 10 Subs)	R 5900.00
- Rural (1-5 Subs)	R 6520.00
- Rural (6-10 Subs)	R 7738.00
- Rural (Above 10 Subs)	R 8800.00
(b) Subdivision and Consolidation	R 6000.00
Consolidation	R 4500.00
(c) Special Consent	
- Self contained unit with advertising	R 3200.00
- Self contained unit without advertising	R 1300.00
- Other Applications	R 4400.00
(d) Rezoning	
- less than 1 ha	R 4500.00
- 1 ha but less than 5 ha	R 4980.00
- 5 ha but less than 10 ha	R 5900.00
- 10 ha and above	R 7200.00

(e) Extension of Scheme	R 4500.00
Development Outside Scheme	
- 1 ha to 5 ha	R 4900.00
- 6 ha to 10 ha	R 5400.00
- 10 ha and above	R 5900.00
(f) Alteration, Suspension and Removal of restrictive Conditions of title or conditions of establishment	R 4350.00
If an applicant for any application is responsible for the advertising, circulation and postage, the application fee will be R 1500 plus VAT per application	
(g) Closure of Roads/Open Spaces	R 4600.00
(h) Amend, Phasing, or Cancellation of layouts	R 4600.00
(g) Extension of scheme	R 4500.00
(i) Enforcement	
- Spot Fines – Any Illegal Use	R 1300.00
- Thereafter per day	R 625.00
(j) Spot Fine – Prohibited Use	R 1300.00
- Thereafter per day	R 636.00
(h) Other Fines:	
- Fines as per section 75 and 89 of the PDA	As per court order
- Additional penalties in accordance with section 76:	As per court order
- Section 89 Civil Penalties	10 – 100% of value of illegal building or construction etc.

The above tariff excludes Vat.

### 13. Photocopies/Plotting Charges:

Copies made by scholars	R 0.69
A4 Photocopy per page	R 1.11
A3 Photocopy per page	R 2.17
A1 G.I.S. print per page	R 4.29
A4 Plotting costs	R 9.70
A3 Plotting costs	R 32.01
A2 Plotting costs	R 47.86
A1 Plotting costs	R 85.07
A0 Plotting costs	R174.90
AO+Plotting costs	R186.56
CD Plotting costs	R 71.02
Digital Copies	R 39.75



#### Wide format Photocopying/plotting Charges

A0 size	R34.45
A1 size	R23.85
A2 size	R13.25
A3 size	R1.86
CD Plotting	R55.65

**The above tariff excludes Vat**

#### **14. Landfill Site Tarrifs**

1. The tariff for the disposal of refuse at the Curry's Post Landfill Site:-
  - a) General domestic refuse, inert trade refuse, per 250kg or part thereof. R39.86
  - b) Mixed refuse (garden, domestic, trade refuse, including builder's rubble) per 250kg or part thereof. R39.86
  - c) Industrial sludges, subject to agreement and approval by the Landfill Manager per 250kg or part thereof. R171.84
  - d) Builder's rubble and excavated material per 250kg or part thereof; R13.01
  - e) Bulk food waste and condemned food per 250kg or part thereof; R37.18
  - f) Garden refuse, per 250kg or part thereof; R13.01
  - g) Finely divided excavated material with the maximum stone content of 10% And maximum stone size of 100mm per 250kg or part thereof; R5.99
  - h) Sawdust and wood waste, per 250kg or part thereof; R60.72

Provided that no charge shall be payable for the disposal of :-

  - i. Garden refuse by bona fide households where such refuse is conveyed Motor cars, trailers with a normal capacity not greater than 0.5 tonne and Light delivery vehicles with a normal capacity not greater than 1 tonne and Deposited in the garden refuse containers. R0.00
  - ii. Builder's rubble by bona fide householders and casual builders where such Rubble is conveyed in vehicles with a nominal capacity not greater than 1 Tonne and deposited in the demarcated area on the Landfill site. R0.00
  - iii. Garden refuse by bona fide householders where such refuse is conveyed In vehicles with a normal capacity not greater than 1 tonne and deposited In the demarcated area on the Landfill site. R0.00
  - iv. Soil, ash and sand which the Landfill Site Manager has agreed in advance Is suitable cover material, delivered in trucks of minimum 5 tonne capacity R0.00
2. Tariff for the voluntary weighing of vehicles (per vehicle). R32.90

- |    |   |           |
|----|---|-----------|
| 3. | That parking of a vehicle, trailer or container be not more than 8 hours at the New England Road Site, or on the road reserve adjacent to the site for each 8 Hour period (per unit). | R364.47   |
| 4. | Building Rubble: deposit payable when submitting a building plan for approval And refundable upon proof of disposal on the Landfill site.   | R1,225.47 |
| 5. | Illegal dumping: a collection and disposal fee per 1.75m3 container load for Refuse or rubble dumped on a road verge in front or next to a property.                                  | R1,209.68 |
| 6. | Florescent tubes – complete tubes to be deposited in specialised containers Located in the recycling area. Per 250kg or part thereof.   | R78.89    |

**15. Hall Hire Charges:**

**HOWICK WEST HALL**

1. Profit-making / commercial functions such as Banquet, Theatre and the likes:

	TARIFFS
(a) MAIN HALL Charge per 5 hour session:	R 2250.00
Deposit:	R 2250.00
TOTAL	R 4500.00

	TARIFFS
(b) Side Hall Charge per 5 hour session:	R 1120.00
Deposit:	R 1700.00
TOTAL	R 2820.00

	TARIFFS
© Main and Side Hall Charge per 5 hour session:	R 2250.00
Deposit:	R 2250.00
TOTAL:	R 4500.00

2. For activities relating to Elections:

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 2250.00
Deposit:	R 2250.00
TOTAL:	R 4500.00

	TARIFFS
(b) Side Hall Charge per 5 hour session:	R 1120.00
Deposit:	R 1700.00
TOTAL	R2820.00
	TARIFFS
(c) Main and Side Hall Charge per 5 hour session:	R 2250.00
Deposit:	R 2250.00
TOTAL:	R 4500.00

3. Fundraising, sporting, religious, political and cultural, and education functions:  
Preparation Time R424.00 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1120.00
Deposit:	R 1120.00
TOTAL:	R 2240.00

	TARIFFS
(b) Side Hall Charge per hour session:	R 680.00

Deposit:	R 680,00
TOTAL:	R 1360,00

	TARIFFS
(c) Main and Side Hall Charge per 5 hour session:	R 1700,00
Deposit:	R 1700,00
TOTAL:	R 3400,00

4. Social functions such as Weddings, Receptions, Parties, Choir performance and the likes:  
Preparation Time R424.00 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1700,00
Deposit:	R 1700,00
TOTAL:	R 3400,00

	TARIFFS
(b) Side Hall Charge per 5 hour session:	R 1220,00
Deposit:	R 1600,00
TOTAL	R 2820,00

	TARIFFS
(c) Main and Side Hall Charge per 5 hour session:	R 1750,00
Deposit:	R 1750,00
TOTAL:	R 3500,00

#### HILTON HALL

1. Profit-making / commercial functions such as Banquets, Theatre and the likes:

Preparation time R265.00 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1750,00
Deposit:	R 1750,00
TOTAL:	R 3500,00

	TARIFFS
(b) Verandah only Charge per 5 hour session:	R 1120,00
Deposit:	R 1750,00
TOTAL	R 2870,00

	TARIFFS
(c) Main Hall and Verandah Charge per 5 hour session	R 1120,00
Deposit:	R 1750,00
TOTAL:	R 2870,00

2. For activities relating to Elections:

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1700,00 R 1700,00
Deposit:	
TOTAL:	R 3400,00

	TARIFFS
(a) Verandah only Charge per 5 hour session:	R 1120,00
Deposit:	R 1700,00
TOTAL:	R 2820,00

	TARIFFS
© Main Hall and Verandah Charge per 5 hour session:	R 2540,00
Deposit:	R 2540,00
TOTAL:	R 5080,00

2. Fundraising, sporting, religious, political and cultural, and education functions:  
Preparations time R318.00 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 660,00
Deposit:	R 660,00
TOTAL:	R 1320,00

	TARIFFS
(b) Verandah only Charge per 5 hour session:	R 660,00
Deposit:	R 660,00
TOTAL:	R 1320,00

	TARIFFS
(c) Main Hall and Verandah Charge per 5 hour session:	R 1120,00
Deposit:	R 1120,00
TOTAL:	R 2240,00

3. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:  
Preparation time R 212.00 per session

	TARIFFS
--	---------

(a) Main Hall Charge per 5 hour session:	R 1700,00
Deposit:	R 1700,00
TOTAL:	R 3400,00

	TARIFFS
(b) Verandah only Charge per 5 hour session:	R 660,00
Deposit:	R 1700,00
TOTAL:	R 2360,00

	TARIFFS
(c) Main Hall and Verandah Charge per 5 hour session:	R 1700,00
Deposit:	R 1700,00
TOTAL:	R 3400,00

#### **MPOPHOMENI HALL AND YOUTH THEATRE**

##### **1. Profit-making / commercial functions such as Banquets, Theatre and the likes:**

	TARIFFS
(a) Main Hall Charge per hour session:	R 1200,00
Deposit:	R 1200,00
TOTAL:	R 2400,00

##### **2. For activities relating to elections:**

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R1200,00

Deposit:	R1200.00
TOTAL:	R2400,00

3. Fundraising, sporting, religious, political and cultural, and educational functions:

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 700,00
Deposit:	R 1200,00
TOTAL:	R 1900,00

4. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:

Preparation time R212.00 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1200,00
Deposit:	R 1200,00
TOTAL:	R 2400,00

HOWICK SOUTH HALL

1. Profit-making / commercial functions such as Banquets, Theatre and the likes:

	TARIFFS
(b) Main Hall Charge per 5 hour session:	R 700,00
Deposit:	R 700,00
TOTAL:	R 1400,00

2. For activities relating to Elections:

Preparation time R106.00 per session

	PROPOSED TARIFFS
(a) Main Hall	R 583,00



Charge per 5 hour session:	
Deposit:	R 583,00
TOTAL:	R 1166,00

3. Fundraising, sporting, religious, political and cultural, and educational functions:  
Preparation time R 106.00 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 583,00
Deposit:	R 583,00
TOTAL:	R1166,00

4. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:  
Preparation time R212.00 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 583,00
Deposit:	R 583,00
TOTAL:	R 1166,00

KWA-MEVANA HALL

5. Profit-making / commercial functions such as Banquets, Theatre and the likes:

	TARIFFS
(b) Main Hall Charge per hour session:	R 1200,00
Deposit:	R 1200,00
TOTAL:	R 2400,00

6. For activities relating to elections:

	TARIFFS
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(b) Main Hall Charge per 5 hour session:	R1200,00
Deposit:	R1200,00
TOTAL:	R2400,00

7. Fundraising, sporting, religious, political and cultural, and educational functions:

	TARIFFS
(b) Main Hall Charge per 5 hour session	R 700,00
Deposit:	R 1200,00
TOTAL:	R 1 900,00

8. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:  
Preparation time R265.00 per session

	TARIFFS
(c) Main Hall Charge per 5 hour session:	R 1200,00
Deposit:	R 1200,00
TOTAL:	R 2400,00

LIDGETON HALL

9. Profit-making / commercial functions such as Banquets, Theatre and the likes:

	TARIFFS
(c) Main Hall Charge per hour session:	R 1200,00
Deposit:	R 1200,00
TOTAL:	R 2400,00

10. For activities relating to elections:

	TARIFFS
--	---------

(c) Main Hall Charge per 5 hour session:	R 1200,00
Deposit:	R 1200,00
TOTAL:	R 2400,00

11. Fundraising, sporting, religious, political and cultural, and educational functions:

	TARIFFS
	R 700,00
Deposit:	R 1200,00
TOTAL:	R 1900,00

12. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:  
Preparation time R265.00 per session

	TARIFFS
(d) Main Hall Charge per 5 hour session:	R 1200,00
Deposit:	R 1200,00
TOTAL:	R 2400,00

13. Fees for the use of the Dorris Robbins Room at the Howick Library:

- (a) Promotion of culture i.e. Book discussions, art evaluation or educational instruction Free
- (b) Religious services and charitable institutions R 212,00 per session
- (c) Commercial undertakings R371,00 per session

These fees are per session. Morning session 8am to 12 noon and afternoon session 1pm to 5 pm

NOTE: (i) Functions of Provincial and National acclaimed artists are NOT covered on these tariffs as written requests will have to be made to the Municipality.

- (ii) A cancellation fee of 15% of the hire charge will be applicable should the booking be cancelled one month before the event. Should a request for cancellation be received at any time 2 weeks prior to the date of the event, the hire charge or deposit will be forfeited.

16. Animal Pound Charges

- (a) Transport of animal by LDV or Truck - R5,30 per Kilometer per animal
- (b) Veterinary Services rendered - Cost plus 10%

(c) Pound Fees/Holding Fees

- Large Animals e.g. Cattle R95.40 per day  
- Small Animals e.g. Sheep R63.60 per day

(d) Administration Fee

- R180,00 per animal

## 17. uMngeni Municipality Sports Complex

### Field 1

<u>Ad-hoc day Activities</u>	Deposit	=	R1700.00
	Charge	=	R 265.00
<u>Ad-hoc Night Activities</u>	Deposit	=	R1700.00
	Charge	=	R 424.00/hr
<u>Season Bookings Day</u>	Deposit	=	R2760.00
	Charge p/day	=	R 95.40
<u>Season Booking Night</u>	Deposit	=	R2760/Season
	Charge p/night	=	R 233.00/hr

### 2. Field 2

<u>Ad – hoc Day</u>	Deposit	=	R1700.00
	Charge	=	R 95.40
<u>Ad-hoc Night</u>	Deposit	=	R1700.00
	Charge	=	R 95.40/hr
<u>Season Booking Day</u>	Deposit	=	R2760/Season
	Charge	=	R 53.00/Day
<u>Season Booking Night</u>	Deposit	=	R2760.00/Season
	Charge	=	R 74.20/hr

### 3. Indoor Centre

<u>Ad-hoc (Lights Day &amp; Night)</u>	Deposit	=	R1700.00
	Charge	=	R 170.00/hr
<u>Season Booking</u>	Deposit	=	R2760.00
	Charge	=	R 170.00/hr

### 4. Bar and Restaurant

Electricity	=	As metered
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	Water	=	As metered
	Lease	=	As per Bid
	Deposit	=	R9010,00/year
	Maintenance	=	Clean entire grand stand facility
	Admin responsibility	=	Report to municipality on user monthly
5.	<u>Gym</u>		
	Electricity	=	As metered
	Water	=	As metered
	Lease	=	As per Bid
	Deposit	=	R9010,00/year
	Maintenance	=	Clean entire Indoor Centre
	Admin Responsibilities	=	Report to Municipality on user monthly

Interest on all arrear accounts will be charged at the rate of 1% per month and any part of a month shall be considered as a full month.

The date on which this notice will be first displayed on the municipal notice board is 01 July 2015.

These tariffs will come into operation on 1 July 2015.

Mr. K.E. Mpungose

Acting Municipal Manager

uMngeni Municipality

P O Box 5

**HOWICK**

3290

**ASSESSMENT OF GENERAL RATES FOR 2015/ 2016**

**MUNICIPAL NOTICE NO: .....**

**ASSESSMENT OF GENERAL RATES FOR 2015/ 2016**

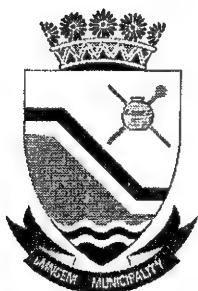
Notice is hereby given in terms of Section 14 of the Local Government: Municipal Property Rates Act No 6 of 2004, that by Resolution taken on 31 March 2015 the Council of uMngeni Municipality has resolved to determine the rates payable on all ratable property within the area of uMngeni Municipality for the financial year 1 July 2015 to 30 June 2016 at 1.29 cents in the rand on the market value of the property as stated in the valuation roll.

All rebates and exemptions are contained in the Rates Policy and may in certain instances be applied to the rate as assessed above.

**General:**

1. Rates will be payable monthly in twelve (12) equal installments with the first installment payable on 31 July 2015 and the last installment payable on the 30 June 2016.
2. The date on which the determination of rates came into operation is 01 July 2015.
3. Any rates remaining unpaid for a period longer than 3 months will be subject to legal action to be instituted to recover the arrear amount.
4. Any rates that are not paid on the due date will be subject to interest at the rate of 1% per month or part thereof.
5. A collection fee of 10% will be raised on the amount outstanding on 28 February 2016.
6. The date on which the notice was first displayed on the Municipal Notice Board is 01 July 2015.
7. This notice is also available on uMngeni Municipality's website [www.umngeni.gov.za](http://www.umngeni.gov.za)

**MR. K.E. MPUNGOSE  
ACTING MUNICIPAL MANAGER  
PO BOX 5  
HOWICK, 3290**



**uMngeni Municipality**

PO Box 5  
3290  
Howick, South Africa

Tel: +27 (33) 239 9266  
Fax: 033-3304183  
Email: [manager@umngeni.gov.za](mailto:manager@umngeni.gov.za)  
Website: [www.umngeni.gov.za](http://www.umngeni.gov.za)

Our Ref.: .....  
Your Ref.: .....  
Date:

## **Office of the Municipal Manager**

**C.0515.77      2015/16 to 2017/18 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**  
On a proposal moved by Councillor SK Pillay supported by Councillor BA Zuma, it was

### **RECOMMENDED**

Annual Budget Council Resolutions:-

It is recommended:

1. That annual budget of the municipality for the financial year 2015/16 and multiyear and single year capital appropriations are approved as set out in the following tables:
  - 1.1 Budgeted Financial Performance (revenue & expenditure by standard classification)
  - 1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote)
  - 1.3 Budgeted Financial Performance (revenue by source and expenditure by type)
  - 1.4 Single year capital appropriations by municipal vote and standard classification and associated funding by source
2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables
  - 2.1 Budgeted Financial Position
  - 2.2 Budgeted Cash Flows
  - 2.3 Cash backed reserves and accumulated surplus reconciliation
  - 2.4 Asset Management
  - 2.5 Basic service delivery measurement
3. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of electricity, refuse removal and all other tariffs as set out in Other Supporting Documents be approved.
4. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy be approved
5. That in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003, adoption of resolutions and budget-related policies be approved.
6. That in terms of section 14 of the Municipal Property Rates Act, 6 of 2004 the rate randage and conditions as set out in Other Supporting Documents be approved.
7. That in terms of section 24(2)(c)(ii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework be approved.
8. That the Basic Services Package of Electricity and Refuse Removal as set out in the Tariff Policy be approved.





9. That the salaries, wages and allowances of all employees including Councillors be increased in accordance with Circular No. 74 of the Municipal Finance Management Act No. 56 of 2003.

10. That the VAT and Interest earned from Grants be utilised for maintenance of assets, to refurbish and replace infrastructure or be plough back to capital projects. An amount of R 5 million be set aside for these activities any shortfall be funded from Capital Replacement Reserve (CRR).

11. That the rate randage for the following categories be approved:-

Category	Category	Proposed Tariff (1 July 2015)	Proposed Rebates (from 1 July 2015)
		C	%
Residential	1	1.27c/R	30%
Industrial	2	1.27c/R	0%
Business & Commercial	3	1.27c/R	0%
Rural- Agriculture	4	1.27c/R	82.5%
Rural – Commercial	5	1.27c/R	30%
Rural-Residential	6	1.27c/R	30%
State Owned Properties	7	1.27c/R	30%
Municipal Properties	8	1.27c/R	100%
Public Service Infrastructure (Roads)	9	1.27c/R	As per the new MPRA
Public Service Infrastructure (Other)	10	1.27c/R	As per the new MPRA
Private Towns	11	1.27c/R	0%
Informal Settlements	12	1.27c/R	30%
Mining & Quarries	13	1.27c/R	20%
Vacant Land	14	1.27c/R	0%
Protected Areas	15	1.27c/R	100%
National Monuments	16	1.27c/R	100%
Multi-Purpose	17	1.27c/R	0%
Bulk Development Land	18	1.27c/R	40%

12. That the electricity tariff be increased by 12.20%.

13. That the refuse tariff be increased by 6%.

14. That the AMM be given the authority to sign a Service Level Agreement with uMsunduzi and Eskom to disconnect services for those consumers owed the municipality for more than 30 days.

  
Confirmation Signature

  
Date

Certified true extract of the minutes of the meeting

Signed   
Mr Steve Simpson  
Acting Municipal Manager





**uMngeni Municipality**

PO Box 5  
3290  
Howick, South Africa

Te: +27 (33) 239 9225  
Fax: +27 (33) 239 9215  
Email: [vdmerwea@umngeni.gov.za](mailto:vdmerwea@umngeni.gov.za)  
Website: [www.umngeni.gov.za](http://www.umngeni.gov.za)

Our Ref.:

Your Ref.:

## **Office of the Municipal Manager**

### **Quality certificate**

I, Steve Simpson, Acting Municipal Manager of uMngeni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

PRINT NAME  
MUNICIPAL MANAGER OF

STEVE SIMPSON  
UMNGENI MUNICIPALITY (KZ222)

SIGNATURE



DATE

27 MAY 2015

